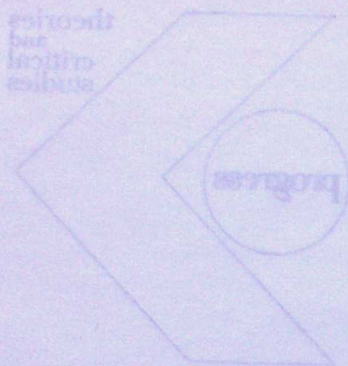


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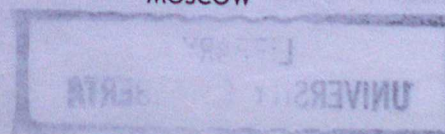


Present-Day China

Socio-Economic Problems (Collected Articles)



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Translated from the Russian

by Galina Sdobnikova

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GENERAL PROBLEMS IN THE ANALYSIS OF THE PRC's SOCIO-ECONOMIC SYSTEM

M. I. Sladkovsky (USSR)

PRESENT-DAY CHINA'S SOCIO-ECONOMIC SYSTEM

The victory of the People's Revolution in 1949 ended a long stage in the Chinese people's national and social struggle. The many years of China's dependence on the imperialist powers had had their effect: a large section of the top national bourgeoisie had either fallen under the strong influence of foreign capital or was acting as its com-prador, siding with the imperialist states against the Chinese people's national liberation and democratic movement. Since China's industry was most backward and its bourgeoisie generally weak as a class, its other section, mostly the small and middle bourgeoisie, though favouring an independent, bourgeois-democratic road of development, proved incapable of giving a lead in an anti-feudal and anti-imperialist revolution. Those were the specific conditions which produced the objective need for a united national-democratic front with the working class as the leading force of social development at the very first stage of the revolution. The proletariat, however, was very small, whereas the revolution-ary movement had to face the joint forces of foreign im-perialism and domestic reaction. So, if the Chinese revolu-tion was to win out, support from the international working class and the world's progressive forces was another es-sential: the united revolutionary forces of China and the world proletariat had to confront the combined international forces of counter-revolution in China.

The revolution's success or failure and the nature of any subsequent socio-economic and political changes depended

on whether or not these objective conditions were met. This had a direct and decisive effect on the formation of China's economic and political structure once the people's revolution won out.

China's Socio-Economic System Before the People's Revolution

Sun Yat-sen's Views on China's Ways of Development

Sun Yat-sen's ideas had a powerful influence on the revolution of 1925-27. At the time, his ideas differed on many essential points from those he had advocated at the start of the century. Here are the concrete historical factors that had a strong impact on the evolution of the views of the great revolutionary democrat, who called himself a socialist throughout his entire socio-political career:

a) the failure of the 1911-13 bourgeois-democratic revolution owing to the fact that his party had no social basis or links with the working masses, the peasantry and the emerging working class;

b) the collapse of all illusions about the possibility of building a "prosperous democratic state" in China with the aid of the capitalist powers and without any social revolution at all; and

c) the revolutionary experience of Soviet Russia, of whose "methods, organisation and training of Party members" he urged a study, if there was to be any "hope of victory".¹

The programme for building a "republic of people's sovereignty", based on Sun Yat-sen's "three people's principles", which he had constructed with due regard for the historical factors listed above, was set out in the Manifesto of the First National Congress of the Kuomintang (January 23, 1924). Its main provisions were:

a) "power shall belong to the masses instead of a select few; ... these rights should not be heedlessly granted to the Republic's enemies; ... none of those who betray their country and harm the people to suit the imperialists and militarists should be allowed the use of such rights and freedoms";

b) "equalisation of land and regulation of capital. ... The state should enact a land law, a law for the utilisation of land, a land expropriation law, a land taxation law";

c) "private industries, whether belonging to Chinese or foreign nationals, which are either monopolistic in character or beyond the capacity of private individuals to develop, such as banking, railways, and navigation, shall be undertaken by the state, so that private-owned capital shall not control the economic life of the people."²

That was a bourgeois-democratic programme, and it was well in line with that stage of the Chinese revolution. Besides providing for a partial elimination of feudal relations, it also sought to curb monopoly capital.

A point to note, however, is that the Manifesto of the first Kuomintang congress, in which the Chinese Communists took an active part, laid down the task further to develop "popular sovereignty", for which purpose the Kuomintang was to "promote the development of the peasants' and workers' movement ... and to enlist workers and peasants in its ranks, so as to take joint action to further the cause of the national revolution". The Manifesto also emphasised that the Kuomintang was "engaged upon a determined struggle against imperialism and militarism, against the classes opposed to the interests of the peasants and labourers".³ These statements, however, did not immediately follow from the part of the programme which determined the future of political power in China without pledging to ensure the working people's class interests or their participation in government. These contradictions in the Manifesto reflected the uneven political complexion of the first Kuomintang congress and the essential differences in the attitudes of the CPC, the Kuomintang's Left wing (Liao Chung-kai) and its Right wing (Hu Han-ming and Tai Chi-tao).

In his closing speech at the Congress, Sun Yat-sen admitted the weakness of the adopted programme. He said: "The programme we have worked out is bound to have its drawbacks. Those present here are subsequently sure to change their opinion on one matter or another. It would not do to say, therefore, that everything we have now outlined is absolutely perfect and flawless."⁴

In a subsequent speech dealing with the ways to carry out the "three people's principles", Sun Yat-sen said: "In Russia, the three people's principles have won out completely. And China, what will it look like once the three people's principles have won out here as well? This seems hard to imagine, but a closer look at present-day Russia will make everything clear."⁵

Sun Yat-sen was also a strong advocate of the Russian workers' revolutionary methods in attaining their goals. He said: "A few years ago, when the Russian workers, having set up a powerful organisation, overthrew the tsar, changed the political system and established their own dictatorship, they barred the capitalists from taking part in political government."⁶

With the Russian revolution in mind, Sun Yat-sen wrote: "If the existing economic problems are to be solved, all economic oppression must be eliminated. The Chinese workers have stronger positions than the Chinese capitalists, so what is there to prevent them from throwing off the economic yoke?"⁷

Consequently, all of Sun Yat-sen's theoretical and practical work in his later years shows that he thought it not only possible but necessary for China to make the greatest use of the USSR's revolutionary experience.

Main Features of the Socio-Economic System in Kuomintang China

Once the Right-wingers headed by Chiang Kai-shek took over upon the failure of the 1925-27 Revolution, the Kuomintang dropped the revolutionary principles of Sun Yat-sen's doctrine.

The Kuomintang regime was a dictatorship of the big comprador bourgeoisie in alliance with the rural landowners. The alliance was made easier by the fact that many members of the big bourgeoisie were also landowners. At the time China's political system was a dictatorship of the reactionary Kuomintang leaders. They usurped the people's democratic rights, declaring that the people were not yet prepared to exercise these rights (the "tutelage" period). Under the Kuomintang's "Organic Law" (provisional

constitution), the country's President and State Council were not elected by the people but appointed by the Kuomintang Central Executive Committee. All power in the party itself centred in a small ruling group: under a decision of the Fourth Plenary Session of the CEC of the Kuomintang (January and February 1928), all its provincial and local committees were dissolved and local government was carried on by representatives of the central organs. The Right-wing Kuomintang Government followed a policy of brutal terrorism as regards the national-democratic forces and waged an armed struggle against the Soviet areas set up by the CPC in Southern China. All democratic public organisations not directly subordinate to the Kuomintang were banned.

In industry, trade and finance, the Kuomintang Government aimed to establish a monopoly of state bureaucratic capital. The higher government officials were in charge of large state funds and foreign-currency loans. These were ostensibly used to set up new state monopolies, which were, in fact, run by the bureaucratic élite.

This form of "state" capital, which has gone down in Chinese history as "bureaucratic capital", hampered private enterprise, went against the interests of the national bourgeoisie and acted as a brake on the country's economic development.

A point to note is that a sizable part of the bureaucratic capital did not go into production, but was either channelled into the sphere of circulation or hoarded by bureaucrats mostly on their accounts in foreign banks abroad. The Kuomintang Government intended to industrialise the country with the aid of foreign, above all US, capital.

Anti-Sovietism was one of the Kuomintang's main foreign policy lines. Chiang Kai-shek maintained that "Red imperialism is more dangerous than White imperialism, because the former is harder to detect."⁸ On this principle his clique's policy as regards the imperialist states was either one of outright alliance (the USA and Britain) or of compromise and "appeasement" (Japan). At the same time, having staged an anti-Soviet provocation on the Chinese-Eastern Railway (CER) and provoked clashes on the Chinese-Soviet border, it finally brought about a severing of Chinese-Soviet diplomatic relations.

After the Second World War, US capital sought to replace the defeated Japanese imperialists and so to keep China under foreign domination. The US-Chinese trade treaty of November 4, 1946 granted US monopoly capital in China equal rights with the weaker national capital, which gave it an overwhelming advantage over the latter. The Chinese historian, Chin Pen-li, wrote: "Under this treaty, the US imperialists got the power of unlimited control not only over the economy, but also over China's politics and army."⁹

Under the Kuomintang regime, both before Japan's invasion of China and after its defeat, China, though proclaimed a sovereign state, was still fettered with external economic and political dependence. Its economic ties with other states were largely maintained through the monopoly agencies of bureaucratic capital, whom Kuomintang laws had given charge of the country's export resources and control of its imports.

As a result, bureaucratic capital became the economic mainstay of the dictatorship of the Kuomintang elite, while national private enterprise was being increasingly pushed into the background and was losing its positions in the country's economic and political affairs.

In the 20 years of the Kuomintang regime, China did not have any constitution and its people were deprived of elementary democratic rights. The regime had no backing among the national bourgeoisie, to say nothing of the working people. It was rejected by the bulk of Chinese society and continued in power only through plentiful military and economic aid from US imperialism.

Mao Tse-tung's Bourgeois-Nationalistic Doctrine of "New Democracy"

By the 1940s, the Communist Party of China, now headed by Mao Tse-tung, had begun to give way to nationalistic tendencies and in its practical activity to drift away from Marxism-Leninism and co-operation with the Soviet Union and the international communist movement. In 1940, Mao Tse-tung sought to give theoretical backing to the idea that the Marxist-Leninist doctrine of the state in the period of transition from capitalism to communism and the dictatorship of the proletariat was unacceptable for China. He re-

jected Lenin's proposition that "the transition from capitalism to communism is certainly bound to yield a tremendous abundance and variety of political forms, but the essence will inevitably be the same: *the dictatorship of the proletariat*"¹⁰, and maintained that the state of the dictatorship of the proletariat was only fit for capitalist countries, but not for colonial or semi-colonial countries, China included.

Mao Tse-tung classed the world's republican regimes under three heads: 1) republics of bourgeois dictatorship; 2) republics of proletarian dictatorship, and 3) republics of joint dictatorship by several classes.¹¹ Considering these types of statehood to be a product of historical development from the nationalist rather than the class stand, he failed to take account of the international nature either of imperialism or the revolutionary anti-imperialist forces. Both in theory and practice, he went against Lenin's conclusion that "with the aid of the proletariat of the advanced countries, backward countries can go over to the Soviet system and, through certain stages of development, to communism, without having to pass through the capitalist stage".¹²

Making too much of the "specifics" of the Chinese national bourgeoisie, Mao Tse-tung said: "The Chinese democratic republic that is to be built can be nothing but a democratic republic of joint dictatorship of all the country's anti-imperialist and anti-feudal elements. It will be a republic of new democracy.... The republic of new democracy also differs from socialist republics of the USSR type, the latest republics of the dictatorship of the proletariat."¹³

Mao Tse-tung's statements show that he identified the new democracy period with the transition period, which, to quote Marx, lies "between capitalist and communist society".¹⁴ He believed that power in China at that period would take the form of a dictatorship of several "democratic classes", rather than Marx's revolutionary dictatorship of the proletariat.¹⁵

According to Mao Tse-tung, the "democratic classes" that were to wield political power were the peasantry, the working class and the national bourgeoisie, the peasantry being "the main basis for a democratic regime in China".¹⁶ The role of the working class was only mentioned in general terms. He conceded that the working class was the "most conscious political class", but refused to recognise its leading

role in any "new democratic state". In his opinion, the national bourgeoisie, if "appropriately regulated", could join the working class and the peasantry in "completing the establishment of a political system, economy and culture in a state of new democracy".

Mao Tse-tung refused to reckon with the mounting antagonistic class contradictions under capitalism and attributed the vices of capitalism to the reactionary ideology of the monopoly bourgeoisie rather than to private property in the means of production. Restrictions, he said, should only be imposed on the big bourgeoisie, which owned the banks, railways, airlines, and so on, but not on the capitalist mode of production itself. He said that the "foreign and feudal yoke in China fettered the initiative and development of private capital", so that it was the task of the "new democratic system to remove these fetters, end this destruction and ensure the free development of the broad masses' initiative, so as to create the conditions for the free development of private capital. . . . The new democratic system must also ensure the protection of legitimate private property".

In urging the development of private capitalist enterprise, he did not set before the Party any tasks for the social emancipation of the working class. In a new democratic state, he claimed, "the conditions will be such as to enable both parties—labour and capital—to work to develop industrial production". Moreover, the workers' demands were to be restricted, whereas the national bourgeoisie was to be guaranteed "its own profit from the rational use of state, private and co-operative enterprises".

The CPC's historical record shows that far from striving to make use of international working-class experience, Mao Tse-tung did his best to prevent it from penetrating and spreading within the Party. His campaign against the Chinese internationalist-minded Communists and their cruel suppression during the Second World War (the *chengfeng* campaign to "correct the style of work", started in Yen-an in February 1942), and the complete severing of the CPC's relations with the international communist movement are a case in point. Mao Tse-tung's "ideas", which impelled him to seek a special, "third" way for China's development, stemmed from Sino-centrism, a doctrine proclaimed by Li

Li-san and Mao Tse-tung himself back in the early 1930s, and expressing the chauvinistic aspirations of China's bourgeois nationalists.

Mao Tse-tung claimed that he had not only adopted but even developed the three people's principles "reinterpreted by Sun Yat-sen in 1924".¹⁷ That was not so, however. He had, in fact, rejected Sun Yat-sen's final conclusions drawn from Soviet experience. His "new democracy" doctrine was to some extent a revival of Sun Yat-sen's earlier views, which the great democrat had mostly expressed before the October Socialist Revolution. But now that the Soviet system had stood the stern test of history and proved its viability, now that the Soviet Central Asian Republics had joined the other peoples of the Soviet Union in their successful socialist construction, while the Mongolian people, assisted by the Soviet Union, had bypassed the capitalist stage of development and were well launched upon the socialist road, disregard for international revolutionary experience turned "new democracy" into a bourgeois-nationalist doctrine, putting it at odds with the actual state of affairs in China after the defeat of Japanese imperialism.

Basic Features of the PRC's Socio-Political System

Mao Tse-tung was mistaken in his assumption that after Japan was defeated China would long be run by an "alliance of several classes", the bourgeoisie included. Once the Soviet Army had defeated the Japanese troops in Manchuria and the area's industry and transport had been restored with Soviet assistance, all the Japanese-owned large-scale industry, transport, banking and foreign trade in that rich area were taken over by the people's democratic authorities. The major military-economic base built up in Manchuria (China's North-East) did much to equip the People's Liberation Army led by the CPC, help score the final victory over the reactionaries and US interventionists, and provide a foundation for the state sector in the national economy. Political power lay with the people's democratic administration, which was also in command of the main economic instruments enabling it to influence the country's entire economy.

In March 1949, with the main counter-revolutionary forces crushed and the country's liberation about to be completed, the seventh Central Committee of the CPC met for its Second Plenary Session to debate the prospects of China's development. At the session, the internationalist-minded Communists prevailed over Mao Tse-tung's petty-bourgeois views, and the Party, relying on the newly formed popular sector in the economy and Soviet assistance, took the road of socialist construction and alliance with the Soviet Union and the People's Democracies.

Fundamentals of the CPC General Line

As the people's system in China was emerging, part of the country was still in the hands of the reactionary Kuomintang and there was a continued threat of intervention by US imperialism. The popular government's priority task was to effect a political consolidation of all the democratic forces on an anti-imperialist and anti-Kuomintang platform.

At the same time, contradictions were also emerging within the democratic front itself, which sought to complete the struggle against imperialism, feudalism and bureaucratic capital by bringing together along with the workers and peasants the petty and middle bourgeoisie, the bourgeois intelligentsia and other social sections. Most of these contradictions, reflecting the differing class interests, involved urban problems, first of all, the future of the large industrial enterprises and other property formerly owned by foreign or bureaucratic capital. The question was whether the state was to retain its control over the large-scale industry, transport and banking which the people's democratic authorities in Manchuria had already taken over from the Japanese and were holding as public property, and whether foreign and bureaucratic property in other areas was to be socialised as well or be handed over to private capital, something that would put China on the capitalist road of development. The choice was to decide China's future. The decision to hand over the socialised means of production back to private capital would have meant forfeiting the main revolutionary gains and weakening the country's democratic

forces. The experience of 1946-49, when the Chinese working class, with Soviet technical and economic assistance, rehabilitated industry and transport in Manchuria and turned the area into a major military stronghold and bridgehead for the PLA's crucial offensive, showed the Chinese people that it was possible and advisable to put the people's state in command of industry, transport and the other major branches of the national economy, and to make the popular sector the economic mainstay of the people's democratic system.

As for the Chinese national bourgeoisie, which claimed command over the nationalised property of the Japanese and bureaucratic capital, it was not at all equal to its claim either in technical or economic terms. In Manchuria and many other parts of Northern China, the Japanese occupation forces had exterminated most of the Chinese technical intelligentsia and the owners of firms, banks and enterprises, so that once the Japanese had gone the working people were left in virtual control of all their property, no forced expropriation being required. Many owners of large Chinese enterprises, banks and trading firms, and some of the technical intelligentsia from the trading and industrial centres in Southern, Eastern and Central China followed the Kuomintang army to Taiwan, or left the mainland for Hong Kong, Singapore and other places. The national bourgeoisie was so weak and disarrayed that it actually required outside help to run its own property, to say nothing of the large enterprises, transport and banking that once belonged to Japanese and bureaucratic capital. Some of the Chinese owners who stayed behind, especially those who had close trading links with the USA and large capitalist countries in Europe, would perhaps have liked to receive foreign economic aid from these countries, but there was no real opportunity for launching an initiative of this kind. US imperialist circles refused to accept the defeat of their puppets, the Chiang Kai-shek clique, preferring to boycott and blockade People's China. Consequently, it was the actual state of affairs in the country at the end of the civil war that called for socialisation of the leading industries, transport, trade and finance. *China's objective need now was to follow the socialist road of development, and the working class and its vanguard, the Com-*

munist Party, were the only ones that could lead the country along that way.

Working-class leadership was also vital if the country was to complete the anti-feudal revolution and solve the agrarian problem in the interests of the toiling peasantry. The agrarian reform, which had started in the liberated areas of the North-East and was spreading out to the other areas that were being liberated, was generating fresh and complex economic problems. Landlord property rights were being abolished and land was being handed over to the poorest peasants (who accounted for about 85 per cent of all the peasant households), which meant a radical transformation of the socio-economic structure of the Chinese countryside and an end to feudal exploitation and the landowner class. At the same time, there was a sharp drop in the output of marketable farm produce, which jeopardised the food supply of the urban population. The option facing the rural areas was either to encourage the kulaks, that is, to return to the exploitation of the working farmers, albeit in another form, or to set up socialist-type co-operative farms. The second choice would mean that industry would have to help agriculture to modernise its technical basis, as otherwise the farms would be unable to increase the share of marketable produce. The working peasantry could tackle this task only if it were assisted and guided by the working class.

In 1950-52, taking due account of the state of affairs in China, the CPC began working out its general line for the period of transition from capitalism to socialism. Its point of departure was that upon the establishment of the People's Republic of China the revolution's bourgeois-democratic stage was in the main complete, giving way to its second, socialist stage. The Theses for the Study and Propaganda of the CPC General Line for the Transition Period said: "The second stage of the Chinese revolution is aimed to build a socialist society in China."¹⁸ The main tasks of the transition period were to be carried out in 15 years (starting after the 1949-52 rehabilitation period). This meant that by 1967 China was to become an industrial-agrarian socialist power, increasing its labour productivity and volume of production at a rate that would enable it to "satisfy the

people's daily growing needs, raise the people's living standards, ensure the country's reliable defence against imperialist aggression and, finally, consolidate the people's power".¹⁹ Gradual socialist change was to be carried out in the countryside and the private industrial and trade sector over three five-year periods, so as to make socialist ownership of the means of production the sole foundation of society and the state.

In its economic policy the CPC acted on Lenin's idea that the building of communism definitely required "the greatest possible and most strict centralisation of labour on a nationwide scale",²⁰ and that socialist construction was impossible without the centralised state planning of the national economy.

The CPC's Leading Role in Chinese Society

Mao Tse-tung once promised the bourgeoisie and other non-working classes that upon winning political power, the CPC would not seek to monopolise it or establish the dictatorship of the proletariat. His scheme, however, was thwarted by history itself. Since the reactionary classes were putting up a bitter fight against the national-democratic movement and China was in danger of losing its national independence and being once again reduced to the status of a semi-colony of US imperialism, the CPC had to establish firm political leadership over the national-democratic revolution and the working class had to act as the vanguard of the Chinese people.

In view of the CPC's growing political influence inside the country, its stronger international ties and the support rendered to it by the CPSU and other Communist Parties, the CPC was now able to take the responsibility for steering Chinese society and became the chief guiding force of the People's Republic.

As the bourgeois-democratic revolution developed into a socialist one, the CPC's leading role became essential. The CPC Central Committee's Theses said: "Without leadership on the part of the Communist Party of China, equipped with the Marxist-Leninist doctrine on the laws of social development and voicing the interests of the Chinese working class

and all the working people, it is impossible to carry out socialist industrialisation in this country and socialist reform in agriculture, the handicraft industry, and the trading and industrial enterprises now in the hands of private capital."²¹

The Theses attached much importance to the establishment of Leninist rules in Party affairs and pointed out that, in view of the unfortunate wartime experience—Mao Tse-tung's personal dictatorship in the Party and terrorism and repressions against the best Communist cadres—"collective leadership is the Party's supreme organisational principle", and that "needless and excessive emphasis on the outstanding role of any individual whosoever should never be allowed". The CPC aimed to foster the Party and the people in a spirit of international solidarity, friendship and co-operation with the socialist countries. The Theses said: "The whole people should be taught to see that the assistance rendered to our country by the Soviet Union and the People's Democracies, and the powerful consolidation of the whole camp of peace, democracy and socialism . . . are indispensable conditions for the victory of the cause of socialist construction in this country."

The CPC Theses were a most important theoretical document for the ideological training and political guidance of a party without a programme of its own, which had for a long time been under the influence of Mao Tse-tung's bourgeois-nationalist "ideas" that were hostile to Marxism-Leninism.

Main Principles of Economic Policy and Characteristics of the PRC's Economic Sectors

As the people's democratic system was gaining ground, changes and improvements were being made in the programme for economic construction. These were also recorded in legislative acts by the people's government.

Before starting work on the main tasks of the socialist construction programme, that is, before going over from the bourgeois-democratic to the socialist stage of the revolution, the CPC had to make the fullest use of the capitalist enterprises (in 1949, these were producing 48.7 per cent of the country's industrial output) and, consequently, to in-

roduce state control over private-capital activity in production and circulation.

The Common Programme of the Chinese People's Political Consultative Conference, which laid down the goals and tasks for the rehabilitation period (1949-52), said in this context: "The basic principle for the economic construction of the People's Republic of China is to develop production and bring about a prosperous economy through the policies of taking into account both public and private interests, of benefiting both labour and capital, of mutual aid between the city and countryside, and circulation of goods between China and abroad."²²

But "the policy of benefiting both labour and capital", that is, trying to square their antagonistic interests, could not go on for more than a short period until the launching of wide-scale socialist construction. During the rehabilitation period, the class contradictions between labour and capital were already being exacerbated. From 1950 to 1952, the CPC had to wage a resolute struggle both against the growing capitalist tendencies in the national economy and the Right-opportunist, bourgeois deviations within the Party itself.

The political and economic tasks of the rehabilitation period were carried out with success: the main indicators of industrial production rose to somewhat above the maximum prewar level, and the agrarian reform to abolish landowner property rights was carried out in the main—something that, to quote the Preamble to the 1954 Constitution, created the necessary conditions "for planned economic construction and gradual transition to socialism".²³ At that stage, the principle of "benefiting both labour and capital" was no longer in keeping with the proclaimed goals, so that Article 4 of the Constitution said that in the new period "the People's Republic of China, by relying on the organs of state and the social forces, and by means of socialist industrialisation and socialist transformation, ensures the gradual abolition of the systems of exploitation and the building of a socialist society".

The state sector became paramount in the pluralistic Chinese economy, which comprised various forms of ownership of the means of production: state, i.e., national property;

co-operative, i.e., collective property of the working people; individual working people's property, and capitalist property. Article 6 of the Constitution said: "The state sector shall be the socialist sector in the economy based on the property of the whole people. It shall be the leading force in the national economy and the material basis for the state's socialist transformations. The state shall ensure priority development for the state sector."

When the Constitution was promulgated in 1954, the state sector accounted for 47.1 per cent of industrial production; the state also owned about half the assets in the state-private sector, which accounted for 9.8 per cent of the country's industrial potential. This meant that in the second year of the five-year period the state's share in industry had already topped 50 per cent, which gave it decisive influence over material production as a whole. The state was also in control of the main raw material sources, finance, foreign trade and the key industries: ferrous and non-ferrous metallurgy, engineering, the coal, oil and many other industries.

Private capitalist industry, on the other hand, was no longer able to carry on effectively without any state control: by the end of the rehabilitation period (1952), its share was down to 30.7 per cent, and by the end of 1956 it was almost totally transformed on mixed, state-private lines. In 1956, state-private industry produced 27.1 per cent, and the co-operative industry—17.1 per cent of total industrial output, as against 1.6 and 0.4 per cent, respectively, in 1949.

Radical structural socio-economic changes had also taken place in agriculture. The expectations implicit in the 1950 land reform law that kulak farms could be a source of marketable grain had not materialised. The kulak farms, with their primitive machinery, were not productive enough. Besides, from the early days of the people's power, the kulaks had taken a hostile stand to the CPC general line, refusing to hand over land to the working peasants. The land reform led to a rapid increase in the number of peasant households. PLA fighters were returning to the countryside, large-family farms were being divided up into smaller ones, etc., so that the number of peasant households went up from 105.5 million in 1950 to 116.3 million in 1953, which naturally made them smaller and market-wise less productive. As

the towns and workers' settlements grew in size, and the deprived and declassed millions were involved in the economy, there was need for more foodstuffs, which, however, could not be provided in sufficient quantities by the petty-commodity poor and middle households.

Large state and co-operative farms, based on advanced machinery and the science of agronomy, were becoming an objective need for China's agriculture.

National Economic Plans and Their Fulfilment

The First Five-Year Plan for the development of the national economy (1953-57) and the 12-year plan for the development of agriculture (1956-67) were a practical expression of the CPC general line for the transition period, a line based on the actual state of affairs in China and agreeing with the working people's fundamental interests.

The First Five-Year Plan aimed to establish a primary industrial basis for socialist industrialisation and socialist change in farming, develop the handicraft industry and convert most of capitalist industry and trade into various forms of state capitalism. Under the plan, the main effort was to be concentrated on 694 industrial projects, whose backbone—156 enterprises and shops—was to be built with Soviet assistance.

The First Five-Year Plan was being successfully fulfilled. In the five years, industrial production went up 2.3-fold, with the annual growth rate averaging 18 per cent; agricultural production increased by 24.7 per cent. Heavy industries, like engineering, electrical engineering and the chemical industry, developed at a particularly rapid pace. Production of the means of production was increasing twice as fast as that of the articles of consumption, and this made extended reproduction possible. There was a steady increase in the output of industrial goods and farm produce per head of population. These economic successes enabled the PRC Government to report to the Eighth National Congress of the CPC that, "as a decisive victory has been scored in socialist transformation, the socialist sector has assumed the predominant position in all fields of industry, agriculture, transport and commerce".²⁴ The report of the Central Com-

mittee of the CPC to the Eighth National Congress said that the question of "who will win in the struggle between socialism and capitalism"²⁵ in China had been decided in favour of socialism.

Industrial growth led to a rapid increase in the urban population: from 57.6 million in 1949 to almost 100 million in 1957, with a marked increase in the number of industrial and office workers:

	1949 (mil)	1957 (mil)
Total number of industrial and office workers	8	24.5
Of which:		
in industry	3	7.5
Of these: industrial workers	2.2	5.6

Although the working class made up less than 1 per cent of the population, its leading role in the country's politics and economy was becoming ever more important. Promotion of workers to leading state posts and the training of technical intelligentsia from among the workers and toiling peasants, together with the growing support from the world socialist system helped to strengthen the people's democratic state.

Analysing the state of affairs in the country, the Eighth National Congress of the CPC (September 1956) described the country's political set-up as follows: "*After the foundation of the People's Republic of China, the people's democratic dictatorship began to shoulder the task of bringing about the transition from capitalism to socialism. That is to say, it was to change the private ownership of the means of production by the bourgeoisie and the small producers into socialist, public ownership, and to eliminate in a thorough way the exploitation of man by man. Such state power, in its essence, can only be the dictatorship of the proletariat.*"²⁶ In fact, however, the conclusions drawn by the Eighth Congress were rather the expression of an emerging tendency than of the actual state of things in the country. The working class's actual influence in the organs of the people's power and in society was still inadequate. The working class amounted to no more than 23 per cent of the entire urban

population engaged in production and the services. Bourgeois-nationalist parties were still in existence, and bourgeois representatives were still present in the city and regional organs of the people's power (as deputy mayors in Peking, Shanghai, Canton and other cities) and often had more say in the economy than the representatives of the working people.

The difficulties facing the country in the sphere of political leadership stemmed from the weakness of its material and technical basis. Despite the latter's rapid development and the leading role which the socialist sector had come to play in the national economy, the economy as a whole was still backward. That is why the consolidation of the working people's power and the implementation of the CPC general line depended mainly on the CPC leadership's adherence to Marxist-Leninist principles, the internationalist assistance of the socialist countries and the world communist movement.

Industrial development and the rapid growth of the cities produced some complex problems. In view of the shortage of skilled manpower, the state had to involve in industry many artisans and handicraftsmen, something that had a telling effect on the handicraft industries and trades, once the main sources of employment for the population at large. The number of artisans and handicraftsmen even declined: from 7,489,400 in 1952 to 6,527,700 in 1957. As large state and co-operative trading centres and department stores were being set up, millions of hawkers and small shopkeepers were driven out of business, and many of them were unable to find employment in large-scale industry (in the first five-year period, the number of workers went up by only 1.8 million). What with the big overall population increase (about 2 per cent) and the large pool of manpower inefficiently employed in the countryside, the problem of employment and rational use of able-bodied persons in material production was becoming extremely complex and important. While reducing or stemming growth in the handicrafts and the domestic trades, the main sources of employment for the swelling population, the developing large-scale and highly productive machine industry was still unable to cope with the employment problem.

Farming, still handicapped by its primitive implements and the virtual lack of land organisation, could also do very little to ensure full employment. Besides, administration in agriculture during the first five-year period had some considerable failings. Nationwide planning in agriculture was in fact introduced as late as 1955, upon the launching of the massive co-operation campaign. From 1952 to 1956, state investments in agriculture were very small: 5 per cent of the total investments in 1952, 4.2 per cent in 1953, 1.9 per cent in 1954, 2.3 per cent in 1955 and 2.9 per cent in 1956. The 12-year plan for the development of agriculture was only due to be launched in 1956 (1956-67). It comprised schemes to extend the ploughland area by 33 million hectares, to build an extensive irrigation network so as to increase the watered area from 26 million hectares in 1955 to 60 million hectares in 1967, and to increase the output of chemical fertilisers to 5-6 million tons in 1962 and 15 million tons in 1967. It was also meant to produce more modern implements and machinery, to develop better strains of seed, to go over to high-yielding varieties and to carry out other agro-technical schemes. By 1967, China was to have a grain output of 360-375 million tons as against 175 million tons in 1955.

The CPC general line provided for gradual socio-economic reform in the countryside. The CPC Central Committee's Theses said: "We must gradually transform the country's agriculture on the basis of socialist principles so as to raise our backward, individual and small-scale farming to the level of advanced, collective and large-scale farming. To increase its output, ensure the needs of planned economic construction, guarantee industrialisation and effect a gradual and overall increase in the farmers' living standards, it is necessary to make use of tractors and other farming machinery, apply chemical fertilisers, adopt scientific methods of cultivation, develop irrigation networks and machinery, extend the area of farmland and resettle farmers in large but sparsely populated areas to farm new lands."²⁷

But the CPC's general line on co-operation and the development of farming was soon breached. In July 1955, Mao Tse-tung was already calling on a meeting of secretaries of regional, town and district Party committees not to link up socialist reform in agriculture with switching over to a

modern scientific and technical basis. He said: "Large-scale machinery can only be applied once agriculture has been co-operated."²⁸ He also proposed renouncing the gradual change-over and completing co-operation in the main over a period of 14 months, by October 1956.

Intensified co-operation in agriculture, as a result of which 91.9 per cent of all peasant households were by late 1956 already incorporated in producer co-operatives, with 63.2 per cent of these becoming members of higher-type co-operatives, led to a marginal increase in agricultural production owing to the application of collective effort, but these advantages could not be fully realised because of the outdated implements and the inadequate material assistance on the part of the state.

If the co-operatives, a socialist form of farming, were to convince the toiling peasants of the advantages of socialism, the Party and the state had to take radical measures to improve the material and technical basis of agriculture, that is, to implement the CPC general line for the transition period and carry out the agro-technical and land organisation work under the 12-year plan.

The departure from the CPC general line on agriculture and attempts at radical changes in industrial production (raising the average annual growth rate from 15 to 30 or even 50 per cent) caused some grave difficulties throughout the national economy in the first half of 1956. The proportionate development in agriculture was upset and, in view of the inordinate growth of investment, enterprises were being started at a slower pace.

The CPC had to go back to discussing China's prospects. Its Eighth Congress reaffirmed the 1952 general line adopted by the 1954 National People's Congress and laid down concrete tasks for its implementation in a second five-year period (1958-62). In accordance with the target figures for economic development, adopted by the Congress, gross industrial and agricultural output from 1957 to 1962 was to increase by 75 per cent: double in industry and up by 35 per cent in agriculture. Growth in heavy industry was to outpace that in industry as a whole, so that by the end of the five years its output was to amount to 50 per cent of total industrial output, as against 38 per cent in 1957. There

was also to be a marked advance in light industry, small-scale and handicraft production in particular. The CPC Central Committee's political report said: "In the second five-year period, we must build and renovate small and medium enterprises in a planned way, while building our large enterprises, in order to . . . facilitate full utilisation of our resources and existing enterprises, particularly the large number of joint state-private enterprises."²⁹

To increase its output, farming was "to rely on the agricultural producers' co-operatives and the peasants to raise per mou yields by such means as building water conservancy works, applying more manure to the land, ameliorating the soil, improving seeds", and so on. Any large-scale mechanisation of agriculture in the second five-year period was impossible: by the end of the period, machine-tilled areas were to go up to only 10 per cent of the country's sowing areas, whereas the problem of sweeping mechanisation was to be tackled in the third five-year period and later on. *So, in the second five-year period, farming was still mostly to rely on outdated implements, and state investment in farming was to be far from adequate: 10 per cent of the overall investment.*

Some of the other decisions of the Eighth Congress resolutely condemned the tendencies to insulate China from the Soviet Union and other socialist countries that had emerged within the CPC leadership. While censuring the "help-me" attitude, the striving to get everything from abroad, the Eighth Congress also rejected the mood of isolation, the attempts to split away from the world socialist system. In his report to the Congress, the Premier of the State Council said: "Another view, that we can close our doors and carry on construction on our own, is wrong, too. Needless to say, the establishment of a comprehensive industrial system in our country requires assistance of the Soviet Union and the People's Democracies." The CPC Rules, adopted by the Congress, said: "The Party shall develop and strengthen the friendship with the countries of the camp of peace, democracy and socialism, led by the Soviet Union, and strengthen internationalist proletarian solidarity."

The Congress attached particular importance to strengthening China's political system by enhancing the CPC's leading role, involving the masses in government and improving

socialist economic management. The new Rules said: "The Party shall not allow any action to violate its political line or organisational principles, any splitting activity or factionalism, arbitrariness with regard to the Party, or any moves to raise an individual above the Party collective."

The first eight years of the PRC showed that the new system was being moulded under the Party's leadership into a kind of dictatorship of the proletariat; that the economy was heading along the socialist road and the successful fulfilment of the First Five-Year Plan had laid the groundwork for a socialist foundation; that private capital, though still extant, was largely operating on state-private or private petty-commodity lines; and that collectivisation in agriculture, though carried out in violation of the CPC general line and without any sound material basis, was in the main complete.

The Eighth Congress made an objective analysis of the manifested shortcomings and deviations from the general line, aiming its decisions to improve the methods of socialist economic management, largely to solve the problem of rational employment of the able-bodied population in material production through wider factory and handicraft production, and to undertake large-scale land-organisation projects in agriculture. The CPC reaffirmed the need to continue the line to strengthen friendly co-operation with the Soviet Union and other socialist countries so as to make up for the CPC's inadequate political and economic experience in state administration, and to help foster the Party members and the other working people in a spirit of proletarian internationalism based on Marxism-Leninism.

China's Socialist Gains Jeopardised

Abandonment of the Transition Period General Line and the Eighth Congress Decisions

The first five-year period had only served to lay the initial groundwork for a socialist economic foundation. The bulk of the national product was still being produced with the use of primitive, outdated implements, particularly in farming and the farmers' domestic trades, which in 1957

accounted for 54.1 per cent of the gross national product. In industry the share of manufactories based on sheer manual labour (without any mechanical drives in the main production process) fell in 1956 to 13.2 per cent of the gross industrial product, but in the number of workers and production units manual production was still far more extensive than machine production, whereas in most of the inland provinces it also yielded the larger share of the gross industrial product. Official Chinese data for 1952-56 show that in growth rate manual production kept almost abreast of machine production: over that period, the latter increased its output from 22,049 million to 50,340 million yuans, that is, 2.35-fold, and the former—from 4,965 million to 8,321 million yuans, that is, 1.67-fold.³⁰ Since the means of production amounted to more than half the output of the machine industry, it follows that consumer goods came mostly from the manufactory and handicraft industry, particularly in the countryside and hinterland towns.

The weak industrial base and its limited impact on the countryside and many areas away from the industrial centres made it hard to consolidate the working class's leading role in society and effect the CPC general line. The difficulties arising from the low level of the productive forces and the fact that millions of people were engaged in useful social activity only partially or not at all could not be eliminated in the course of the second five-year period (1958-62) and were largely to be resolved only by the end of the third five-year period (1967). The objective state of affairs in the country did not rule out the possibility of anti-socialist moves by bourgeois-nationalist elements, who still had a strong foothold in society. In its political assessment of the situation, the Eighth Congress said: "Our national bourgeoisie, including big, middle and small capitalists and bourgeois intellectuals, constitutes a class which . . . has been the smallest in our society. . . . However, both now and in the past, it has always had a considerable influence and played an important role in our society."³¹

Mao Tse-tung himself took advantage of the country's difficulties. After his defeat at the Eighth Congress of the CPC, which had condemned his adventurist experiments in stepping up industrial development in 1956 (he had urged

an increase in industrial growth rate targets from 15 to 30-50 per cent), Mao launched another offensive against the general line.

At an enlarged meeting of the Supreme State Conference in February 1957, he directed veiled and allegorical criticism against all the basic decisions of the Eighth Congress, offering up in their stead old bourgeois-nationalist concepts from his new-democracy doctrine. Under the general line, socialist ownership of the means of production was to be made "the sole economic basis" and gradually, over something like three five-year periods, socialist industrialisation was to turn China into "an essentially great socialist state", whereas Mao declared that to turn China into a socialist state would take "several decades"³² and that, consequently, some other, non-socialist tasks, differing from those of the general line, had to be advanced for the following few years. He continued to attribute some kind of special patriotic feelings to the Chinese national bourgeoisie and said: "In our country, the contradiction between the working class and the national bourgeoisie is a contradiction among the people (that is, non-antagonistic—*Ed.*). The class struggle waged between the two is, by and large, a class struggle within the ranks of the people. This is because of the dual character of the national bourgeoisie in our country." Unwilling flatly to renounce the doctrine of scientific socialism—Lenin's doctrine of socialist revolution—Mao Tse-tung used Marxist terminology to cover up the bourgeois-nationalist essence of the "new democracy" doctrine and sought to impute capitalist contradictions to the socialist system. He said: "The basic contradictions in socialist society are still those between the relations of production and the productive forces, and between the superstructure and the economic base." He also came out against one of the crucial economic laws of socialism, that of its proportional and balanced development. Here, too, he pretended to leave intact the essence of the law, although he took a very explicit stand against planning on a national scale, seeking to confine centralised planning in material production to grain alone and leave social organisations and the masses themselves "to work out ways and means" to take care of the rest.

In urging the possibility of China's rapid development, Mao Tse-tung said that "the decisive factor, apart from leadership by the Party, is our six hundred million people".³³ Hence the need for instant involvement in production of the whole of China's population, its 500-million-strong peasantry above all, which was to become society's economic and political mainstay.

He proposed enhancing the role of farming in the country's economy and of the peasantry in politics through a hasty completion of socialist reform and reorganisation of farming co-operatives into "people's communes" rather than through a rapid development of the material and technical basis of agriculture.

In contrast to the members of higher-type co-operatives, who had small personal plots, small livestock, pigs and poultry, and were paid according to their work, the members of "people's communes" would have to hand over all their belongings, including household utensils and personal effects, to be used as public property and, instead of being paid according to their work, would be provided for under an egalitarian per capita scheme.³⁴ The "people's communes" were to engage in industry as well as farming, taking part in a "great leap forward" to build up a mass of primitive, pocket-size industrial outfits, small blast-furnaces and steel-smelting units above all. The practice of combining farming and industry within a single commune was also extended to large industrial enterprises of national importance.

An enlarged sitting of the CC Politburo, called by Mao Tse-tung at Peitaiho in August 1958, decided that the "people's communes" would be "the best organisational form of socialist construction and gradual transition to communism", and would "develop into the primary unit of a future communist society".³⁵ In Mao Tse-tung's opinion, it was the Chinese farmers and not the workers who had the necessary qualities to become society's leading force. He saw the farmers' poverty, illiteracy and lack of scientific and technical knowledge as ideal human qualities and a criterion of their receptivity to revolutionary ideas and their social vigour.

The countryside was proclaimed to be a re-education school for intellectuals, workers and young people. "Temper-

ing by work" in the countryside was essential for the "correct re-education" of town dwellers in the spirit of "Mao Tse-tung thought". In industry farmers were also to come to the fore. The "great leap forward" in backyard metallurgy diverted over 50 million farmers from agriculture proper, which was more than three times the number of regular workers. Mao Tse-tung meant the "great leap forward" to subordinate town to country and help him implement his old doctrine of the "village-encircled town".

The farmers' lack of organisation and patchy class structure could, in Mao Tse-tung's opinion, be overcome by introducing strict military discipline in the "people's communes" and turning them into military units held together by the nationalist idea of building up a Great-Han China.

Mao Tse-tung's "new line" for China's development undermined the essence of the CPC general line for the transition period, scrapping the policy-making decisions of the First Session of the Eighth Congress of the CPC on the need to strengthen the leading role of the working class as the main condition for socialist construction, to carry out a balanced and progressive economic development on the basis of modern science and technology, and to strengthen the fraternal alliance with the socialist countries on the principles of proletarian internationalism. Mao Tse-tung wanted a militarist nationalist state, where the peasantry, a class "epitomising" Chinese nationalism, would be the leading political force. Paramilitary "people's communes" were to be the primary cells of Mao Tse-tung's society, working conditions in these communes being established by military discipline instead of material incentive, as in socialist-type farming co-operatives. To enhance the nationalist trend in the state's development, all things Chinese were to be eulogised, whereas all things foreign—past experience, science and technology, including those of the socialist countries—were to be denigrated.

Mao Tse-tung promised the people that three years of effort would "change the basic appearance of most of the country's areas",³⁶ that is, make it possible to realise the chief goals of the new line. Hence the charge that the general line for the transition period and the decisions of the First Session of the Eighth Congress (1956) were opportunist and

consigned the country to backwardness. But far from boosting the country's development rate, Mao Tse-tung's experiments led to a drop in production and threw the economy into disarray. The irrational use of resources and the scattering of equipment and construction projects upset the country's planned administration. By 1961, many industrial enterprises built during the "great leap forward" had been put in cold storage or closed down altogether.

As material incentives in agriculture were given up, the farmers' personal plots taken away and egalitarian food distribution introduced, there was a sharp drop in production. *Mao Tse-tung's experiments, known as the "three red banners" policy (the "great leap forward", the "people's communes", and the "general line") did nothing to resolve the employment problem or to increase output by switching masses of people to industry and simplifying production technologies (through "abolition of foreign standards and stereotypes"), but worsened the economic difficulties to an extreme.*

A very grave situation followed upon the failure of the "great leap forward" in industry and farming. At the Central Committee's Eighth Plenary Session in August 1959, a group of CC members headed by Marshal Peng Te-huai, member of the CC Politburo, Deputy Premier and Minister of Defence, came out against the "great leap forward" policy and described it as petty-bourgeois day-dreaming for which the Chinese people were having to pay dearly.

On the eve of the Plenary Session, Peng Te-huai said in a letter to Mao Tse-tung: "Because of our petty-bourgeois ardour we have easily made 'Leftist' mistakes. . . . We have paid little or no attention to analysing the concrete situation of the day . . . and have been too hasty in renouncing the law of equivalence and in providing free food in the belief that we had grain in abundance; in some areas we have abandoned the policy of centralised marketing, and worked to have people eat their fill; moreover, some types of machines have been rashly introduced without expert opinion, and some economic laws and scientific regularities have been heedlessly denied".³⁷

Mao Tse-tung managed to brand Peng Te-huai as a "Right-wing deviationist" and remove him from Party

leadership, together with Politburo Candidate Chang Wen-tien and many other CC members and provincial committee secretaries who had come out against him. Still, the Plenary Session had to reckon with the obvious failures of the "great leap forward" and so to reduce the plan for 1959 and modify its attitude to the "people's communes". The plan was cut back as follows: the steel target was down from 18 to 12 million tons, coal—from 380 to 335 million tons, grain—from 525 to 275 million tons, and cotton fibre—from 5 to 2.3 million tons. In respect of the "people's communes" its decision recommended, among other things, consistent implementation of the principle of "higher pay for more work", that is, a return to the earlier socialist principles of distribution. The decision said it was advisable to switch from the "people's communes" as the basis of agriculture to large producer brigades roughly equal in size to the former producer co-operatives.

Still, the overall political tenor of the Eighth Plenary Session's decisions remained the same. Like those of the Sixth Plenary Session, these extolled the "great leap forward" and called on the Party and the people "under the leadership of the Central Committee of the Party and Comrade Mao Tse-tung, . . . to overcome the Right opportunist sentiments among some unstable elements, . . . and strive to fulfil ahead of schedule within these two years (1958-59) the major targets of the Second Five-Year Plan".³⁸

The "three red banners" policy had its effect both on the state of affairs within the CPC itself and on its foreign policy. Mao Tse-tung's step-down from the post of PRC Chairman and Liu Shao-chi's election in his stead were not merely a token reshuffle or, as the communiqué of the Sixth Plenary Session put it, a result of the Central Committee's desire to enable Mao Tse-tung "to concentrate his energies all the better on dealing with questions of the course, policy and line of the Party and the state"³⁹ and to give him more time for working on the Marxist-Leninist doctrine. The reshuffle, undoubtedly, had a deeper cause, stemming from the struggle that had flared up within the Party, the clash between the two opposite political lines, which was making itself felt in China's contradictory and inconsistent policy at home and abroad.

Upon Mao Tse-tung's departure from the post of PRC Chairman, some measures were taken to get the country's domestic affairs back into agreement with CPC general line and the decisions of the First Session of its Eighth Congress. Throughout 1959 and 1960, however, these measures were no more than half-hearted and could not offset all the unhealthy effects of Mao's "special" line.

The Economic "Ordering" Line

In January 1961, the CPC Central Committee at its Ninth Plenary Session proclaimed the line for economic "ordering, replenishment and enhancement", which meant suspending all unfinished projects, cancelling new schemes and closing down all understaffed and undersupplied enterprises. Mao Tse-tung's line in economic policy—priority development in agriculture—was on the whole to be maintained, partly in view of the sharp difficulties in food supply at that period, although Mao Tse-tung himself was not moved by temporary considerations of this kind, presenting his line as an alternative to Lenin's programme of socialist industrialisation. Industry was geared to agriculture, its main task being to provide for the latter's needs, something that entailed reconstruction of many enterprises. The second task was to provide for the needs of the population, that is, to build up the light industry, whereas the development of the heavy industry was ranked only third.

The "ordering" measures led to a marked cut-back in industrial production, but undoubtedly helped to introduce some order into the economy and laid the groundwork for a subsequent build-up.

At the CC's Tenth Plenary Session (September 1962) the intra-Party struggle broke out afresh. Opposition to Mao Tse-tung's line on domestic policy was clearly mounting. The demand for a return to socialist forms of economic management met with wide support among the people and was written into some decisions of the Central Committee and the NPC.

To add stimulus to agriculture, 5 per cent of the communes' land was given back to the farmers in the form of house-and-garden plots; they were exempted from the tax

on the use of newly worked or long unused land (like waysides, hillsides and ditches); they were also encouraged to breed pigs and poultry on their personal farms and to engage in domestic trades. Farmers' markets were reopened.

Even these partial corrections of Mao Tse-tung's domestic policy had a beneficial effect on the economy. Crop yields and marketable output increased as a result of personal farming (vegetable growing in particular) combined with a rise in production on collective lands in the "large producer brigades". This helped to improve urban food supplies. The cancelling of new industrial schemes and the close-down of undersupplied and non-paying enterprises helped to improve quality and regulate industrial production, albeit on a narrower basis. Trade was also becoming much livelier.

Various articles on matters of long-term economic planning were once again appearing in the press. It carried a decision by the Central Committee to enlarge and strengthen the PRC's State Planning Committee. There were also other signs that sound, socialist forces were gaining influence within the Party. A government report, delivered by Chou En-lai at the First Session of the Third NPC in December 1964, was the first document from 1959 onwards to report some facts on the state of the economy. It pointed out that in 1962-64, agricultural production had reached the level of some "relatively productive previous years", and that in 1964 "the gross output of grain, cotton, tobacco and sugar cane, and also the pig and small-cattle population, that is, the output of the staple crops and the main types of animal produce will top the level of 1957, the final year of the first five-year period".⁴⁰ The report said that "in 1964 the country's gross industrial production would go up by more than 15 per cent as compared with 1963 to exceed the 1957 level". For the first time in five years mention was made of a draft national-economic plan (for 1965), which provided for an annual increase of about 5 per cent in gross agricultural output and about 11 per cent in gross industrial output. The draft laid down the task of "solving the remaining problems in the regulation of the national economy, and getting ready to carry out the Third Five-Year Plan, which is to be launched in 1966". The draft proposed the management of

the national economy through a "combination of centralised administration with a broad mass movement", and recognised the need to "adopt and apply the best of foreign experience and technology".

These recommendations meant that within the PRC leadership there were sound, socialist forces aware of the pernicious effect of Mao Tse-tung's untenable line which sought to put the country back onto the socialist path which proved true by the first eight years of the People's Republic.

After the Central Committee's Ninth and Tenth Plenary sessions, which brought to light some forceful opposition to Mao Tse-tung, the atmosphere within the CPC was such as to make it harder for him to implement his "ideas" even on the ideological and foreign-policy front, where he appeared to be unchallenged. His first move to tighten his hold on the country was in effect the elimination of the CPC Central Committee as a collective Party organ from Party leadership in state and Party policy inside the country. After the CC's Tenth Plenary Session, Plenary sessions, Party meetings and conferences were held no longer, and the emphasis in ideological propaganda was shifted from the leading role of the CPC to that of the army. "To learn from the army", "to follow Lei Feng's example of loyalty to Mao Tse-tung"⁴¹, "to lay down one's life for Mao" and other similar slogans gave the whole of ideological propaganda a Great-Han, nationalist and militarist bias.

Having strengthened his personal power, and relying on the army, Mao Tse-tung put forward three tasks: 1) to cancel out the decisions of the CPC's Eighth Congress; 2) to work towards making China a leading world centre for Asia, Africa and Latin America above all; and 3) to work towards militarising the national economy and turning the country into a solid military camp headed by the army rather than the CPC. This policy was bound to aggravate China's relations first of all with the socialist countries and the Marxist-Leninist Communist Parties, and then with the countries of Asia, Africa and Latin America, especially those bordering on China.

The Maoists centred fire on the world socialist system and its leading and guiding role in the world revolutionary process.

Mao's group sought to cover up the cut-back in economic, scientific and technical ties with the socialist countries by the widely advertised "self-reliance" line, which was said to involve a reduction in foreign trade and other forms of economic ties with foreign states and to ensure the country's development on a national basis. The only economic ties to be reduced, however, were those with the socialist countries: China's trade with these went down from \$2,550 million in 1959 to \$1,108 million in 1965, whereas its trade with capitalist countries increased from year to year, going up from \$1,207 million in 1959 to \$2,494 million in 1965. Mao's "self-reliance" policy artificially insulated China from the world socialist system, nullified the decisions of the Eighth Congress and the provisions of China's Constitution bearing on its economic relations with the outside world and deprived China of the advanced socialist countries' internationalist assistance, the main factor ensuring successful socialist construction in an economically backward China.

By the end of 1965, China's domestic and foreign situation was not shaping in Mao Tse-tung's favour. Wherever the advocates of the Eighth Congress overcame Mao Tse-tung's "special" nationalist line and returned to at least some of the socialist methods of management in town and country, definite successes were being scored, the wounds inflicted by Mao Tse-tung's experiments were being healed, and things were beginning to move forward. But wherever Mao Tse-tung's line had full sway (as in foreign affairs, which were under his personal control and direction), the Party and government were losing their international prestige, normal relations with the socialist countries and Communist Parties were being disrupted and the country and the Party were sliding into isolation.

The "Cultural Revolution" and Its Effects

China's foreign-policy failures, the mounting internal difficulties and renunciation of the basic principles written into the CPC's Rules and Programme and China's Constitution were giving rise to concern for the future of socialism in China and dissatisfaction with Mao Tse-tung's adventurist

line among the Chinese Communists, intellectuals and the working people. This mood was expressed in writings in defence of scientific socialism and the alliance with the socialist countries, and in historical plays which ridiculed in allegorical form Mao Tse-tung's ignorance and duplicity. Open protest was also mounting against the personal dictatorship Mao Tse-tung was seeking to establish, and the Great-Han policy in Tibet, Inner Mongolia, Sinkiang and other areas.

Realisation of the decisions of the First Session of the Third NPC in December 1964 on long-term (five-year) economic planning would have brought the country back to socialist economic methods, so confirming the flimsiness of Mao Tse-tung's special line.

That being so, Mao Tse-tung launched a hard drive against his adversaries, who were supporting the Eighth Congress decisions. He set off the "cultural revolution", whose main aim was to do away with any political opposition to his line, to force the spread of his untenable "ideas", to assert his undisputed authority, and on that basis to entrench the "leader's" personal dictatorship.

In form and method of struggle, the "cultural revolution" was very much different from Mao Tse-tung's drive during the "great leap forward". He did not dare rely on the Party cadres and the working masses and so addressed his call to "make revolution" first to the youth and then to the army, focussing their attention on ideological, rather than economic, goals. The "cultural revolution" was to stamp out the Marxist-Leninist outlook among the people and implant "Mao Tse-tung thought", so that the attack was spearheaded against any vehicles of Marxist-Leninist ideas: the CPC, the Young Communist League and workers' organisations. The Central Committee's Eleventh Plenary Session in August 1966, held in the absence of many CC members, was followed by an outright Maoist assault against the Party organs, Party and state leaders (upon Mao Tse-tung's call to "open fire at the headquarters"), and the constitutional organs of the people's power. But the attempt to do away with the CPC as collective leader and organiser of the People's Republic and with the national-democratic system of government based on the constitutional principles of electivity and ac-

countability to the people, met with resolute opposition on the part of the Communists, the progressive intelligentsia and the workers, who were up in open struggle (strikes and uprisings), and it took the Maoists nearly three years to carry out their designs.

The so-called Ninth Congress of the CPC in March 1969 annulled the CPC Rules, adopted by the Eighth Congress in 1956 and based on the principles of democratic centralism, proclaimed the unconstitutional "revolutionary councils", established with the aid of the army to include army men and Mao Tse-tung's trusty adherents, to be the supreme triumph of the "cultural revolution".

The Party, which was in effect being established anew, on the principles of personal loyalty and blind obedience to Mao Tse-tung, as well as the new military-administrative organs of power, had no links with the working people and did not voice their interests. The working people were barred from taking part in state administration and economic management through their mass organisations. The administrative system was being supplanted by personal military dictatorship.

During the "cultural revolution", in contrast to the "great leap forward", Mao Tse-tung did not put forward any immediate tasks to change society's material basis: state ownership of the means of production was maintained in the towns and collective property predominantly in the countryside, both playing the leading part in the national economy. The petty-property and state-private sectors were still of secondary importance.

Social production, however, was geared to other, non-socialist goals. The Central Committee's Twelfth Plenary Session in October 1968 proclaimed the people's main task to be that of "preparing for war against the US imperialists and the modern revisionists". For that purpose, Mao's group laid down the task of "arming the whole people and turning the country into a solid military camp". Social production was no longer aimed to raise the people's material and cultural level or to carry out socialist and communist ideals, but "to build up a strong and powerful China", to spread "Mao Tse-tung thought" throughout the world and assure it of absolute authority. Mao Tse-tung declared that the

main distribution principle under socialism—"to each according to his work"—was "bourgeois" and that it tended to give rise to "bourgeois" attitudes among the workers and other urban sections. The struggle against "bourgeois economism", that is, against the requirement of material incentives in production, was dubbed a class struggle, with the Maoists seeking to stamp out the working people's "economism".

Military control over production, which the Maoists substituted for the system of planned socialist administration of the national economy involving the working people's organisations, enabled them to freeze or even to reduce the people's consumption and to channel the bulk of the social product into the military sector.

The "self-reliance" principle for the civilian industries and farming was regarded as the standard of relations between the state and the working people in town and country. The call to follow the example of the Tachai producer brigade and the Taching oilfields⁴² meant that industry and farming were to make do with their own local resources and to manage without any state assistance. By withdrawing most of the product through taxes and compulsory deliveries, the state kept industrial wages very low and eliminated the progressive and piece-rate pay schemes. A wage of 50-60 yuans a month for a family of five or six persons went to pay only for the rationed foodstuffs and consumer goods, namely, three metres of cotton print and a few pieces of knitted goods a year.

The government also suspended the legislation, limited as it was, on the social security of workers and employees introduced during the PRC's first decade (holidays, pensions, and so on), and on the pretext of "preparing for war" kept down the people's maintenance level and enforced a barracks regime.

The Second Plenary Session of the Central Committee, held from August 23 to September 6, 1970, put before the NPC's Standing Committee "a proposal to carry on the necessary preparatory work for convening the Fourth NPC in due course". The Plenary Session was not followed up with any official announcements on the course of the preparatory work to convene the NPC. At the same time and

not without the knowledge of the PRC leaders, the foreign press carried a draft of China's new Constitution. Basically, it reflected the decisions of the Ninth Congress. Like the CPC Rules, adopted by that Congress, the draft Constitution legitimised Mao Tse-tung's authoritarian regime, proclaiming him to be "the great leader of all the country's nations and nationalities, the head of our state of proletarian dictatorship and the supreme commander-in-chief of the country's Armed Forces".

The draft was a radical review of the 1954 Constitution, which had maintained China's alliance with the Soviet Union and the other socialist countries to be a fundamental principle. The draft not only ruled out any alliance of this kind but, on the false pretext of fighting "social imperialism", sought to inject the Chinese people with feelings of hostility for the socialist countries.

The draft showed a clear-cut tendency to purge China's state system of all its underlying democratic principles and to curtail the powers of the collegiate organs for the benefit of Mao Tse-tung's personal power. Despite repeated mention of the "dictatorship of the proletariat", "people's democracy", and so on, the draft did not provide any real rights for fulfilling these slogans.

To attain their ideal of a "nationwide military camp" the Maoists adopted the non-class nationalist principle in assessing social phenomena and laying down policy lines.

Status of the Main Classes and Social Sections

The working class. The "cultural revolution" has done much to weaken the working class's position in Chinese society. Following the destruction of the Party and the disbandment of the trade unions and other mass organisations, the working class has been denied any part in the country's administration or any influence in state and economic affairs, to say nothing of playing the leading role which belongs to it in socialist-type states.

A point to note is that, having seized power, the Maoists have sought to rehabilitate themselves in the eyes of the international communist and working-class movement by parading a desire to strengthen the dictatorship of the

proletariat, enhance the working-class's leading role, and so on. In the three years since the Ninth Congress, however, no significant changes have taken place in the position of the working class. Trade unions and other mass organisations have not been restored, whereas on the new "revolutionary councils" the working class has virtually no organised representation of any kind. Military control groups at the enterprises and the local Party organisations, whose re-establishment these groups have been directing, aim to channel the workers' social initiative into the study and glorification of "Mao Tse-tung thought", to foster nationalist feelings among them, and to alienate them from the international working-class movement. The Maoists have been trying to erase from the workers' minds the most powerful and important working-class traits: proletarian solidarity and the class approach to political phenomena at home and abroad. In practice the Maoist leadership has rejected every form of international proletarian co-operation. All these factors operating together threaten to reshape China's entire state system. They are also a major source of instability for the emerging regime of military dictatorship and are bound to cause many more social conflicts. The future of socialism in China depends on the role and position of the working class and the ideological strength and maturity of its vanguard, the Communist Party.

The working peasantry. Mao Tse-tung has always drawn on the petty-bourgeois peasant element in trying to establish his nationalist, Great-Han ideas, and to build a bourgeois-nationalist state of "the new democracy" in contrast to the dictatorship of the proletariat. His policy here is essentially an attempt to deprive the working class of its leading role and turn the peasantry into the chief political and ideological force of Chinese society.

It will be recalled that this tendency in Mao Tse-tung's policy was most pronounced during the "great leap forward", when the "people's communes" were being introduced as the embryos of a future "communist society". Mao Tse-tung had meant to militarise the whole country and turn it into a "military camp" by militarising the communes and moulding them into military units, but during the "cultural revolution" he had to adjust his policy in respect of the farmers

and to change his tactics; he had not dared start the country's militarisation through the peasant "people's communes".

Mao Tse-tung's new attitude to the peasantry is that the "people's communes" are not being "put in order" and militarised by the farmers themselves but by the army, through the establishment of rigid military control over every aspect of the farmers' life. "Military groups" and "revolutionary committees" headed by the military are being substituted for the communes' boards. Thus, *Jenmin jihpao* and *Guanming jihpao* for January 21, 1971 carried local reports about the vigorous involvement of the paramilitary "revolutionary committees" in the communes' affairs. In the course of struggle against the "rehabilitation movement", that is, against the reinstatement of the "compromised" leaders of the "people's communes", the "revolutionary committee" of Huahsian District, Shenhsi Province, to quote one report, had "brought out the class enemies engaged in rehabilitation and helped to carry on Party ordering and construction in the Tatung Commune".

Apart from tightening its control over the "people's communes", the army, in possession of the best technical facilities and the most fertile lands, has influenced agricultural production by extending its own sowing area. Hsinhua reported on January 20, 1971, that "in 1970, the gross grain crop grown by the army was up by more than 40 per cent as compared with 1969; the pig population increased by 50 per cent; and the vegetable crop was markedly bigger".

The Maoists could eventually use the army for day-to-day regulation of production in the "people's communes", something that would inevitably further aggravate the contradictions in the countryside. It is the peasantry, which makes up most of the population and which accounts for the bulk of the country's national income, that will eventually decide whether the Maoists will be able to complete China's militarisation and turn the country into a "solid military camp".

The intelligentsia. In the PRC's first decade, many people from the working sections of the population came to join the ranks of the intelligentsia to become workers in culture,

science, technology and every other branch of the national economy. A group of Chinese scientists and other specialists trained in the Soviet Union (more than 10,000) and other socialist countries played a prominent role in the creative activity of the new intelligentsia, a vehicle of advanced science and culture and the CPC's reliable aide in socialist construction.

During the "cultural revolution", intellectuals, especially those who took the stand of scientific socialism and played a vigorous part in carrying out the CPC's general line and the decisions of the Party's Eighth Congress, were subjected to the worst harassment. Most of the leading men in science, technology and culture at every rung of the ladder, except scientists and specialists in the atomic and other arms industries, were removed from their posts. The intelligentsia's creative effort, including that in research and educational institutions, was subjected to military control exercised by special "working groups" located in scientific institutions; from 1966 to 1968, studies at secondary and higher educational establishments were virtually at a standstill.

In the general atmosphere of chaos and anarchy during the "cultural revolution", the arms sectors of science and technology were protected from the hungweipings, the tsao-fans, and other extremists. At the Ninth Congress of the CPC, Tsiang Hsueh-sen, a leading atomic scientist, who had returned from the USA in 1955, was made a member of the Central Committee.

Over the past two or three years, the Maoists have been stepping up the formation of an intelligentsia that would be loyal to the "leader". This intelligentsia, drawing on the army and the politically immature young, has now come to play an important part in politics and ideology. Its power and sway lie in the status assigned to it by the Mao group, rather than its numbers, or theoretical or practical training. It has taken hold of all government propaganda media, educational establishments, theatres, cinemas, the radio, television, and the like. It is being guided in its activity by Mao Tse-tung's closest associates (the make up of this ruling élite is, let us note, highly fluid). In terms of quality, the "new intelligentsia" is well beneath that which had emerged in the course of socialist construction; still, it has done some-

thing to rectify the damage inflicted on the intelligentsia by the "cultural revolution".

The inferior status of the main body of intellectuals tends to range them against the Maoist regime, so that eventually they could well come to play an active political role and to help improve the atmosphere in the country and strengthen the people's democratic system.

The national bourgeoisie. As socialist construction was carried on, the national bourgeoisie gradually lost its importance in the country, although it retained some influence in every sphere of social life. The class has its material basis in state-private enterprise in industry and commerce. Under a scheme worked out in accordance with the CPC's general line for the transition period, the state was to have bought out the share of private capital in industry and commerce by paying the owners 5 per cent interest on their overall capital, a scheme that was to have been completed in 1962. But under a decision of the Third Session of the Second NPC (April 1962), the term was extended first for another three years and then indefinitely. In material terms the bourgeoisie is much better off than the working intelligentsia: it receives unearned income in the form of interest on their capital, and its salaries are much higher than those of the scientific and technical intelligentsia in the highest brackets. They also enjoy administrative powers at the enterprises (serving as deputy directors, chief engineers, and so on), are elected and appointed to higher state organs (like the NPC's Standing Committee or the State Council), thereby being enabled to exert some influence on the country's social life.

The national bourgeoisie was not affected by the "cultural revolution", and their representatives in state organs were spared the criticism and repressions of the bellicose hungweipings. As prominent revolutionary leaders were being harassed and removed from state and army posts, one-time Kuomintang members, Fu Tso-yeh, Chiang Chi-chung (died in 1969) and others, continued to be members of the Supreme Military Council and enjoyed the patronage of the "Cultural Revolution Headquarters". What is more, Li Tsun-jen, Chiang Kai-shek's most energetic partner during the civil war (in 1948, the CPC ranked him among the major counter-revolutionary criminals), who had returned from the USA

in 1965, was free to range across the country, delivering nationalist, anti-Soviet speeches. When he died in 1969, he was given an official funeral with great pomp and ceremony.

Bourgeois-nationalist ideology in the PRC is vested not only in the bourgeoisie that has stayed on in mainland China, but also in Chinese bourgeois émigrés to South-East Asian countries, who have maintained close political and economic links with the PRC. Their influence on China's affairs is largely due to the many millions they remit to their relatives on the mainland, who are thus enabled to buy short-supply goods in special closed shops and to maintain a higher living standard than the rest of the population. Then there are also the Kuomintang elements in Taiwan, who, undoubtedly, have a ramified network of secret agents in mainland China.

An interesting point to note is that the above-mentioned draft Constitution makes no direct statement on the future of the national bourgeoisie. Whereas Article 6 of the 1954 Constitution said that "the state sector shall be a socialist one", the new draft does not define the socio-economic nature of the state sector, merely saying that it "shall be the leading force of the national economy". This formula gives the Maoists ground to extend the participation of the national bourgeoisie in the state sector on the present terms.

As Party influence wanes and China's socialist system is deprived of its advantages, a setting is created for more vigorous political and economic activity among the Chinese bourgeoisie, whose efforts are unlikely to be aimed at an alliance with the working classes, as Mao Tse-tung's "new democracy" doctrine claims, but at an alliance with the foreign bourgeoisie and restoration of capitalism in China.

The status of the various classes and social groups in China tends to reflect the shifting political pattern and the unsettled state of relations between the various classes, between the proletariat and the peasantry, the two major toiling classes above all. This is because the people have no clear-cut common programme for the country's development. The calls to get ready for war, against the Soviet Union in the first place, and the consequent funnelling of a big share of the national product into non-productive military purposes can only have a limited, short-term effect on the people and only provided there is an actual threat

from outside, in face of which the people have to put up with some limitations for the sake of the national interest. But because China does not face any real external danger and because the Maoist leaders have had to resort to provocations against and border conflicts with China's neighbours, the line for draining the backward economy of all its resources to achieve military goals for the sake of the "leader's" Great-Han hegemonistic aspirations, which are alien to the working people, cannot be popular for long. It is bound to lose support among the people and even among Mao Tse-tung's once closest adherents.

The substitution of a military-bureaucratic regime for the constitutional people's power tends to undermine the foundations of China's social system. Without offering any realistic programme in place of the discarded long-term plans for socialist construction, the Maoists have continued to use the socialist foundations of the economy built up during the first decade, distorting these and actually hampering their development. This distorted state of affairs can, of course, be no more than temporary: in the long run, the social system must settle into some definite socio-economic shape.

The Economy and Foreign Trade

Despite some industrial advances, China is still largely an agrarian country with an extremely low level of labour productivity. Although its population is one-fifth of the world's, it accounts for only about 3 per cent of the world's industrial output. In national income per head of population (about \$100 in 1971), it is well down on the world list.

Its national income is still mainly derived from the farming sector—a state of affairs that is likely to continue over the next decade. A rough estimate based on the actual figures for 1952-57 and the drafts of the various versions of the Second and Third Five-Year plans for economic development shows that about 40 per cent of the national income comes from agriculture, 35 per cent—from industry and 25 per cent—from construction, transport, communications, trade, etc.

The growing volume of the national income has done little to raise the people's material standards in view of the

structural changes in its distribution: the consumption fund tends to shrink, and the accumulation fund to grow. Thus, in 1952, the consumption fund amounted to 80 per cent of the national income, in 1957—to 78 per cent and in 1971—to only 75 per cent.

What is more, a much bigger share of the consumption fund now goes to maintain the army, so that in the three years from 1968 to 1970 average consumption per head of population was roughly down from \$62.7 to \$60.4.

As for the accumulation fund, a sizable part of it is being directly or indirectly channelled into the expansion of military-industrial construction.

Industry. Under the current militarisation drive, the growth rate differs widely from one industry to another and the overall growth in the main industries is insignificant. This is chiefly due to the fact that a large part of the state budget is being set aside for military purposes, whereas investment in the civilian sectors is obviously inadequate.

The civilian industries are still without a single national plan, their administration being decentralised. They still have to abide by the "self-reliance" slogan and to develop on their own, without any state credits or investments, while the whole of industry is centred on building up a military complex.

In the heavy industries variously connected with the country's militarisation there is a continued effort to rehabilitate production, which was undermined during the "cultural revolution". Imports from major capitalist countries are an important source of supply for the arms industry: in five years (1966-70), these totalled about \$5,500 million, with about \$2,000 million worth coming from Western Europe, China's main supplier of strategic military goods.

In 1971, production in the heavy industries was up by 7-10 per cent on 1970.

The increase in heavy industry output was brought about by the running in of fresh productive capacities at large enterprises, and a build-up of the raw material basis through the construction of big and small mining enterprises.

The consumer industries have advanced at a much slower pace, for there has been no significant capital construction in that area.

In 1970 and 1971, the overall state of affairs in China's industry somewhat improved. Over the next few years, provided the internal situation is further stabilised, the growth rate could well increase, but not to any marked degree, because production possibilities are limited by industry's backward technical plant, the grave disproportions within and between various branches, and other factors.

In 1969 and 1970, and especially in 1971, there was fairly extensive construction of small and handicraft enterprises. These will, of course, help to provide the population with more of the prime necessities and, to some extent, to compensate for the lag in the development of large-scale industry. What with China's surplus manpower, small-scale and handicraft industries, though less productive than large-scale industries, could play an important role in the development of production. This trend is, naturally, bound to slow down technical progress as a whole and consign China to remaining backward as compared with the advanced industrial countries, but under the present conditions small-scale and handicraft industry could well prove to be an effective way to increase the volume of production and quicken investment returns.

Agriculture. The "cultural revolution" did less harm to agriculture than to industry and transport. The state of China's farming can be judged from these estimates: from 1957 to 1971, its gross output was up from 60,300 million to 66,500 million yuans, grain production—from 185 million to 215 million tons, and the pig population—from 145.9 million to 173 million head.

With population growth over the past few years outpacing the development of agriculture, there has been a decline in the per head output of farm produce and the consumption of foodstuffs and manufactured goods made of agricultural raw materials. In 1971, for instance, the output of grain per head of population amounted to 270 kilogrammes, which was marginally more than in 1965 (253 kilogrammes), but still less than in 1957.

Farming continues to be largely extensive and labour intensive, being based for the most part on manual labour. Only 10 to 15 per cent of the country's sowing area is being

worked by machines. The tractor pool has no more than 130,000 tractors (in 15 hp units), whereas agriculture needs at least 1.0-1.2 million. A good deal of the machinery is badly worn out and in need of repairs, or cannot be used for lack of spare parts. The use of mineral fertilisers is also at a low level, totalling about 10 million tons a year, or 30 per cent of the required minimum.

Farming machinery and mineral fertilisers mostly go to individual large communes or to military farms in the border areas (Hsinking, Inner Mongolia and Heilungkiang).

Irrigated areas amount to about 36 million hectares instead of the 60 million hectares provided for under the 12-year plan (to have been completed in 1967). The irrigation network for the most part consists of small and medium-size installations, built by producer brigades or "people's communes" at their own expense. Most of the earlier major schemes for irrigation have been shelved.

The low level of the productive forces in the countryside makes farming heavily dependent on weather conditions. Some increase in production has only been due to the extremely favourable weather conditions of the past few years. Natural disasters like droughts, floods, pest attacks and plant diseases continue to inflict heavy damage on agriculture. Irrigation and farming techniques in China are such that they cannot protect agriculture from natural disasters of this kind.

The country's farmland, far from being increased, has recently been reduced: from 112 million hectares in 1957 to about 110 million hectares, pushing the already low per head figure down from 0.17 hectares in 1957 to 0.14 hectares in 1969.

Meanwhile, the country has more than 100 million hectares of virgin land fit for ploughing, and large areas in the south could yield two or three grain or other crops a year.

Past experience shows that agriculture can only be advanced through balanced and comprehensive measures in land organisation and farming techniques. Measures of this kind, elaborated by the best Chinese specialists, were once included in the 12-year plan for the development of agriculture (1956-67), but have never been carried out.

Foreign Trade. The Maoist leaders have erred in the belief that losses resulting from the cut-back in economic ties with the Soviet Union and other socialist countries could be compensated through broader trade with the major capitalist countries. The facts show that although overall trade with non-socialist countries (3,140 million rubles in 1970) has topped the highest figure for that with the socialist countries (2,574 rubles in 1959), China has plainly been losing out on the import and export commodity structure. In the 1950s, that is, prior to the winding down of co-operation with the socialist countries, China was able to import from the latter any industrial materials and equipment it chose (its industrial imports at the time amounted to about 90 per cent of the total), to receive from them massive scientific and technical assistance and to settle its accounts not only in raw materials, but also in industrial, that is, more effective, goods (up to 60 per cent of its exports). China's trade with the capitalist countries has a different basis. Many of these have placed stringent restrictions on the range of exports to China. This applies, in the first place, to Japan, China's chief trading partner over the past few years. The Japanese Government does not allow its exporters to supply China with sophisticated equipment and devices, high-quality metals, alloys, and other vital goods, while insisting on China's supplying it with coal, iron ore, salt, soya beans and other raw materials and foodstuffs. Here, the FRG is something of an exception. Largely with anti-Soviet aims in view, West German monopolies have been eager to help the Chinese leaders build up the country's nuclear-missile potential by supplying them with equipment, copper, nickel and high-quality steel. They have even acted as agents by re-exporting to China various equipment, materials and appliances from other West European countries. In the five years, from 1966 to 1970, China's imports from the FRG totalled \$753 million, but China has had to pay the FRG mostly in foreign currency, rather than in goods, an arrangement China cannot find advantageous.

So, China's trade with the capitalist countries cannot compensate its national economy for the cut-back in its trade with the socialist countries.

Growing Crisis of the Maoist Line for a Militarist, Nationalist State

Despite the propaganda noise over the "cultural revolution" even Mao Tse-tung's closest associates had to realise that all the major political and economic propositions of Mao Tse-tung's line were proving to be failures and consigning the country to backwardness.

Departure from socialist methods of management and violation of the objective social laws of the period of transition to socialism have retarded the country's development for at least a decade. The figures carried by the Chinese press in early 1972, even if taken at face value, show that grain output at the time (240 million tons) was actually below the 1962 target, whereas steel production (21 million tons) had only reached the draft target for the second five-year period (1958-62).

The Ninth Congress of the CPC proved unable to come up with any positive programme for China's further socio-economic development; its decisions did not even mention industrial, agricultural, transport, or cultural construction. Thus, in proclaiming the neo-Trotskyite doctrine of "permanent revolution", the Maoists were in fact giving up the task of socialist construction in China.

But as political and economic difficulties continue to mount, the Maoists, who have removed all opposition and assumed full responsibility for the country's economy, have faced the task of taking urgent steps to break the deadlock and stimulate production.

That is why, contrary to their policy-making slogans and propositions, the Maoists have stopped attaching the label of bourgeois degeneration to material incentives, the allotment of personal plots to farmers and their engagement in auxiliary trades. While continuing to pump the bulk of the resources into the military sector, they have begun to encourage small-scale, handicraft industry, holding out personal incentives for small tradesmen and handicraftsmen.

Mao Tse-tung's "army" slogans—"learn from the army" and "the army is the main political force"—which have always been at the root of his domestic and foreign policy, have turned out to be utterly unfit for peacetime construction,

for their implementation has merely aggravated the state of affairs in the country. Having used the army to destroy the Party, the constitutional organs of the people's power and various mass organisations, and to impose coercive and voluntarist methods of economic administration, which have enabled them to achieve some measure of success in eliminating the destructive effects of the "cultural revolution", the Maoists could not escape the fact that the army is incapable of managing China's vast and diversified economy. Hence these recent slogans in the Chinese press: "The army must learn from the people", "the Party must become the guiding political force", and so on. In actual fact, however, the Maoist leaders are still unwilling to restore the constitutional organs of the people's power or the leading role of Party organisations.

The political instability inside the country shows that the Maoist line is in deep crisis and cannot serve as a basis for administering the socialised national economy and maintaining the people's democratic system in China.

In foreign policy the situation has developed along similar lines. The Maoist provocative line of aggravating the international situation and sparking off and fomenting conflicts, which the Maoists would have liked to whip up into a war between the USSR and the imperialist world, a war they could "watch from the mountain top", has merely served to isolate the PRC and undermine its international positions. Since their international practices have shown that their "self-reliance" line was utterly ineffectual, the Maoists have in fact come to rely on the major capitalist countries.

The increasingly acute political crisis of the Maoist leadership developed into the 1971 "September events", giving the world a glimpse of the regime's actual "unity and stability", which Chinese propaganda had so noisily advertised after the Ninth Congress of the CPC. A large group of the highest-ranking Maoist leaders, headed by "Mao's successor" Lin Biao, faded from the political scene.

Despite the fact that in their manoeuvres and retreats (which are, undoubtedly, to a certain extent of purely tactical importance) the Maoists are guided by subjective considerations, the return to some forms of socialist economic administration tends to precipitate the utter failure of Mao's

"special" line aimed to set up a nationalist and militarist state on the basis of socialised production, and helps to return China to the socialist road with the use of scientific socialist methods in running the country. There is, however, the possibility of another, negative prospect for socialism in China. Now that the proletarian Party and the people's democratic organs of power have been removed from government, and the trade unions eliminated, while China's contacts with and dependence upon the capitalist world are on the increase, bourgeois-nationalist tendencies in China, the role of the remaining bourgeoisie and bourgeois organisations and the influence of Chinese bourgeois émigrés could increase accordingly.

¹ Sun Yat-sen, "To Achieve Successes Not Only Through the Efforts of the Army But Also Those of Party Members", *Selected Writings*, Moscow, 1964, p. 366 (in Russian).

² Sun Yat-sen, "Manifesto of the First National Congress of the Kuomintang", *Selected Writings*, p. 407.

³ *Manifesto of the First National Congress*, January 30, 1924.

⁴ Sun Yat-sen, "Final Speech at the First National Congress", *Selected Writings*, p. 421 (in Russian).

⁵ *Ibid.*, "How Chinese Workers Suffer from Unequal Treaties", pp. 432, 433.

⁶ *Ibid.*, "The Responsibility for Saving the Country and the People Rests with the Revolutionary Army", p. 462.

⁷ *Ibid.*, p. 463.

⁸ "Chiang Kai-shek's Speech on Soviet-Chinese Relations at the Kuomintang Central Executive Committee on July 15, 1929", *Foreign Policy of the USSR*, Vol. 3 (1925-34), Moscow, 1945, p. 349 (in Russian).

⁹ Chin Pen-li, *History of the Economic Aggression of US Imperialism in China*, Moscow, 1951, p. 103 (in Russian).

¹⁰ V. I. Lenin, "The State and Revolution", *Collected Works*, Vol. 25, p. 413.

¹¹ Mao Tse-tung, "On New Democracy", *Selected Works*, Harbin, 1948, p. 244.

¹² V. I. Lenin, "The Second Congress of the Communist International", *Collected Works*, Vol. 31, p. 244.

¹³ Mao Tse-tung, *op. cit.*, p. 244.

¹⁴ K. Marx, F. Engels, "Critique of the Gotha Programme", *Selected Works*, Vol. 3, p. 331.

¹⁵ *Ibid.*

¹⁶ Mao Tse-tung, *op. cit.*, p. 333.

¹⁷ Mao Tse-tung, *op. cit.*, p. 255.

¹⁸ *Theses for the Study and Propaganda of the Party's General*

The implementation of Mao Tse-tung's line has put the social superstructure out of line and even in contradiction with the material basis of socialised production, so causing political instability in the country and a crisis within the Maoist leadership, which is to blame for the wrecking of the constitutional organs of the people's democratic power.

Line for the Transition Period, elaborated and published by the Agitation and Propaganda Department of the CPC Central Committee in December 1953, Peking, 1954, p. 1.

¹⁹ *Ibid.*, p. 19.

²⁰ V. I. Lenin, "Draft Programme of the RCP(B)", *Collected Works*, Vol. 29, p. 114.

²¹ *Theses for the Study and Propaganda of the Party's General Line...*, p. 34.

²² *The Common Programme and Other Documents of the First Plenary Session of the Chinese People's Political Consultative Conference*, Peking, 1949, p. 10.

²³ *Constitution of the People's Republic of China. 1954. Preamble*, Foreign Languages Press, 1954, Peking, p. 4.

²⁴ *Eighth National Congress of the Communist Party of China*, Documents, Vol. 1, Peking, 1956, p. 271.

²⁵ *Ibid.*, p. 37.

²⁶ *Ibid.*, pp. 67-68.

²⁷ *Theses for the Study and Propaganda of the Party's General Line...*, p. 20.

²⁸ *Pravda*, October 26, 1955.

²⁹ *Eighth National Congress of the CPC*, Documents, Vol. 1, pp. 51-52.

³⁰ *Report of the PRC State Statistical Board on the Fulfilment of the 1956 State Plan for the National Economy*, Moscow, 1958 (in Russian).

³¹ *Eighth National Congress of the CPC*, Documents, Vol. 1, p. 71.

³² Mao Tse-tung, "On the Correct Handling of Contradictions Among the People", *Supplement to People's China*, No. 1, July 1, 1957, p. 25.

³³ *Ten Glorious Years*, Peking, 1960, p. 141.

³⁴ Thus, the Model Rules of the Wei Hsing People's Commune said that it would introduce "a system of food crop supply under which all members of the commune, irrespective of the number of working hands in their family, will be getting food crops free of charge, to be distributed according to the number of members in a family in accordance with the supply rations established by the state". (*Movement to Establish People's Communes in China*, Peking, 1958, p. 79).

³⁵ *Ibid.*, p. 10.

³⁶ *Second Session of the Eighth National Congress of the CPC*, Peking, 1958, p. 25.

³⁷ *Tsukuo*, 1968, No. 48.

³⁸ *Eighth Plenary Session of the Eighth Central Committee of the CPC*, Documents, Peking, 1959, p. 24.

L. I. Brezhnev told the 1969 Moscow Meeting of Communist and Workers' Parties: "We do not identify the declarations and actions of the present Chinese leadership with the aspirations, wishes and true interests of the Communist Party of China and the Chinese people. We are deeply convinced that China's genuine national renaissance, and its socialist development, will be best served not by struggle against the Soviet Union and other socialist countries, against the whole communist movement, but by alliance and fraternal co-operation with them."³⁹

³⁹ "Communiqué of the Sixth Plenary Session of the Eighth Central Committee of the Communist Party of China", Special Supplement, *China Reconstructs*, February 1959, p. 1.

⁴⁰ "Report on the Work of the PRC Government delivered by Chou En-lai at the First Session of the Third NPC held in Peking on December 21-22, 1964", *Hsinhua News Bulletin*, January 1, 1965, p. 2.

⁴¹ Lei Feng was a young soldier accidentally run over by a car. Official propaganda set him up as a model of devotion to Mao Tse-tung, giving wide publicity to his diary (possibly a fake one), which hailed asceticism and self-denial and expressed his urge to become a "cog" and a loyal servant to the "leader".

⁴² The Tachai large brigade (part of a "people's commune") and the Taching oilfield, which use no state investment, have been presented as a model of economic independence and "self-reliance".

⁴³ *International Meeting of Communist and Workers' Parties, Moscow, 1969*, p. 160.

G. Gidaszi (Hungary)

ON HUNGARIAN STUDIES OF THE PRC'S SOCIO-ECONOMIC DEVELOPMENT

The changes in China's domestic and foreign affairs over the decade ending in the early 1970s led Hungarian students of that vast country's social and economic development to reconsider (incidentally, largely on the basis of official Chinese data and assessments) their views of the preceding decades. The results of their work have been set forth in various articles, lectures and scientific writings, making it clear that the turnabout in Chinese policy is not an objective regularity and that the main responsibility for it lies with the Chinese leaders.

This research shows that the specific features of China's historical and social development and its extreme economic and cultural backwardness have also been conducive to the grave aftermath of the distortions and deviations in China's socialist development, which are largely due to the CPC leaders' mistakes and delusions and their purposes hostile to Marxism-Leninism. A point to consider is that the contradictions in China's development reflect some tendencies which are typical of many Third World countries that are backward in socio-economic terms, tendencies which could possibly characterise their future development. What makes the "Chinese question" so complex and multifaceted is, in our opinion, that it is a tight knot of general and particular features, regular tendencies and accidental elements, something which often makes it very hard to distinguish the ones from the others.

In setting the tasks for Sinologic research in Hungary, we have always believed that while it is complicated by many factors, like the lack of any reliable statistical data, we

should, nevertheless, go on analysing the various elements of China's socio-economic basis and the latter's interaction with the ideological and political superstructure.

We accept that for a long time to come the Chinese problem will continue to be one of great political importance from the standpoint of world politics and the international communist movement. We share the view that analysis of the difficulties of China's socialist development and its leaders' ideological and political line makes it possible to draw some conclusions for the benefit of both current and future policies.

Let us emphasise, therefore, that Marxist students of China would do well to devote even more attention to the scientific analysis of China's socio-economic specifics and, above all, of the forms and methods of transition to socialism deriving from the present situation in the country. Lenin is known to have attached much importance to this problem, especially in the New Economic Policy period. When dealing with socialist development in the Caucasus and the Central Asian Republics he emphasised that future revolutions in the East would bring out even more specific features than the Russian revolution had. We believe research into this question to be particularly urgent and important.

A scientific approach to this subject warrants the conclusion that the CPC leaders' policy of the past few years has not at all been due to any objective specific features of China's socio-economic development. To be more precise, socialist construction seems to require forms and methods other than those used by the Peking leadership.

The objective regularities of socio-economic development are bound, sooner or later, to make headway in China. But even if policy takes correct account of the actual conditions, these regularities will take on specific forms in accordance with China's objective socio-economic specifics. That is why it is very important to study and analyse these specifics also with regard to the prospects of China's socio-economic development. In analysing the specifics of China's socio-economic system, one should concentrate on the following questions:

1. The extreme backwardness of the productive forces and class relations; the influence of the vestiges of pre-

capitalist social relations in the minds of men; and the effects of general cultural backwardness.

2. The economic and geographical prerequisites and the demographic situation; the differing production conditions in various parts of the country; and the difficulties and obstacles in establishing production and trade on a national scale.

3. Domestic resources (size of accumulations, available manpower) and outside assistance (foreign trade, scientific and technical co-operation, availability of credits, and so on), which can be used to boost the national economy and their interconnection.

The extreme backwardness of the productive forces and the fact that 90 per cent of all the gainfully employed persons work in agriculture or the handicrafts, burdened with vestiges of the subsistence economy, naturally call for ways and methods of socialist industrialisation that differ in many ways from those used in the advanced countries. It is clear that alongside the gradual build-up of the major modern industries, China cannot afford for a long time to come to give up its traditional production methods, even where handicraft techniques prevail. It is also clear that much external assistance is required to master modern machinery, especially in the first few decades, when the country has to resort to the experience and achievements of countries with advanced science and technology. It is also self-evident that in China, where most of the population is employed in agriculture, the latter is the main sphere in which the broadest and soundest basis of accumulation can be created for rapid development of the national economy as a whole and for industrialisation in particular. But all of this can be only if agriculture yields a steadily growing surplus product.

In view of the relatively poor development of China's infrastructure and commodity-money relations, there is fairly wide use of subsistence-economy methods in production and distribution (like the various types of manual labour in the handicraft industry, or payment in kind), whereas in other countries these have remained only as vestiges. The sharp changes in economic policy and the economic situation over the past 15 years or so have not been due to the use of these specific forms and means but, on the contrary, to

the fact that the Chinese leaders have for the most part tended to single out one aspect or another from the general range of interconnected phenomena and to exaggerate its importance. So, the "walk on both feet" idea, which is essentially acceptable and is deeply rooted in Chinese reality, has been applied by the Chinese leaders in a lop-sided and distorted manner even during the "great leap forward" when it was most advertised.

It will be remembered that in the mid-1950s China was set the task of ensuring growth rates in modern industry that could not be achieved because of objective obstacles: on the one hand, the possibilities of accumulation growth and, on the other, the fact that the massive mastering of the necessary technical know-how has its limits. Excessive industrialisation soon had a negative effect on farming and the handicraft industry. The Chinese leaders sought to eliminate the lag in the development of the productive forces in the traditional branches by making changes in the relations of production, e.g., by speeding up collectivisation.

They assumed (their ideological and political motives apart) that in virtue of the definite economic advantages of simple co-operation (living labour combined with more correct and organised use of the available means of production), collectivisation in agriculture, even without any massive use of machinery, fertilisers or the like, would lead to the rapid build-up of a large stock of additional resources, which could then be used to accelerate the development of agriculture and so to boost the national economy as a whole.

The point is that from the very beginning of the first five-year period, China's economy was faced with a major contradiction. Despite the consistent implementation of the agrarian reform, the agricultural basis was still extremely narrow and could not provide the accumulation funds and material resources (raw materials, grain and other foodstuffs, including export goods) that were necessary for rapid industrialisation. It soon became clear that it was impossible to raise the level of the productive forces in agriculture by political organisation and ideological training alone, without any additional investments. Thus, the Chinese leadership had to find ways and means to increase development rates, ways that by adopting many elements of the "walk on both

feet" idea, which fits China's specific conditions very well, could have, undoubtedly, helped to achieve tangible economic results, provided the targets were realistic and the necessary proportions maintained. Because of the Chinese leaders' subjectivism, however, there was too much emphasis on the massive co-operation of living labour and on traditional methods of production; the role of modern machinery was reduced to a minimum, the difficulties connected with its mastering were overlooked, and highly unrealistic, voluntarist plans totally out of touch with China's socio-economic conditions were put forward.

Subsequent events showed that the Chinese leaders' adventurist domestic policy, which developed into the "great leap forward", was closely tied in with their foreign-policy plans, whose final goal was to subordinate the common interests of the socialist camp to those of China, and to give China dominion over the international communist movement. This, other considerations apart, is one of the reasons behind their refusal to admit the failure of their economic development concept. Nor have they succeeded in their attempt to put the blame for their failure on external factors, natural disasters, the Soviet Union and other socialist countries. It has now become obvious to all that the industrious Chinese people have had to pay dearly for the "historical shortcut" experiment. The three years of the "great leap forward" threw the national economy off balance and led to marked disproportions, doing their worst damage to agriculture, the chief sector of the national economy, where the "leap" policy was first started in an attempt to mobilise its latent reserves and resources.

The Chinese leaders' second major blow at the national economy was to cut it off from Soviet technical assistance, which had previously been of paramount importance in the development of the country's modern industry. Within a few years under the "self-reliance" slogan, they effected a drastic cut-back in China's economic ties with the socialist countries.

Historians and sociologists, as well as economists, should make a special analysis of the ways, forms and instruments of state administration which a revolutionary government, established upon the victory of a people's revolution, should use throughout the period of transition to socialism.

In the mid-1950s, when doing post-graduate research work at the People's University of China, I came across the view that the leading role of the working class and the class basis of the dictatorship of the proletariat in China were different from those in other socialist countries. The working class in China was said to include the army and all Party members regardless of their social origin, because, the argument went, they were the most consistent advocates of working-class goals and ideas. This kind of logic swelled the class basis of the dictatorship of the proletariat in China to 15 million, which was three times the actual figure but nevertheless amounted to only 5 per cent of the country's adult population. The importance of this problem goes well beyond the framework of China's development, for it is one of the basic problems in the transition to the socialist road of former colonial and semi-colonial countries with backward class relations similar to those of China.

In dealing with China's problems, particular attention should also be devoted to their full analysis: why do the actual problems stemming from the economic and cultural backwardness of Chinese society have a distorted reflection in the minds of men? This kind of analysis should be made by philosophers, sociologists, psychologists, as well as historians and economists. We regard research into this problem as particularly urgent because, among other things, it would give us a more or less accurate idea about which of the Chinese views should be regarded as a specific reflection of objective problems arising from China's social realities, and which—as a harmful product of the distorted mental reflection of genuine or imagined problems, as ideological views that falsify the realities, or as incorrect theoretical concepts. A scientific and consistent separation of the two would make it easier for us to fight against incorrect ideological propositions and concepts.

Here are some concrete examples to show the essence of the problem and the reasons for considering it. There is nothing surprising about the fact that in China particular emphasis in the sphere of the productive forces is being laid on the human factor, whereas the material and technical aspect is being left somewhere in the background. This is a direct result of China's conditions and the objective interrela-

tion between the two factors. What is more, I think, this state of affairs also has its reflection in the matter of distribution according to work, notably, the use of the material incentives principle. The low level of the productive forces and the consequent heavy shortage of goods have in effect placed objective obstacles in the way of wider differentiation between consumption levels. Every member of society has to be assured of at least the minimum level, especially where actual consumption is just above the barest subsistence minimum. Once such distribution has been carried out, the remainder is so small that it does not allow for any differentiation of individual earnings according to work. The real trouble starts, however, where a virtue is first made of necessity, and then that is enshrined as a law in an attempt to present egalitarian distribution as a truly proletarian idea, and the socialist principles of material incentive and distribution according to work as bourgeois survivals. Then, also, the living labour and enthusiasm of millions are declared to be the best possible substitute for material and technical prerequisites and professional know-how, and then used to build up fantastic, utterly unworkable schemes. Hence the need to criticise these harmful views and come out against any attempts to find ideological justification for various compromises or to present the departures mentioned above as universally binding theoretical propositions. In doing this, one must bring out the objective causes of these phenomena and lay bare their historical roots.

Some of the Chinese leaders' ideological mistakes and incorrect theoretical conclusions spring from a conflict between subjective urge and objective possibility. Whenever this happens, an attempt is in effect made to substitute an erroneous ideological or theoretical concept for an analysis of the real state of affairs. Thus, for example, the theory of "wave-like" economic development under socialism was an attempt to account for the absence of proportional and balanced economic development. An interesting point to note is that the Chinese advocates of the "wave-like development" doctrine seek to prove it in "philosophical terms" on the strength of Mao Tse-tung's well-known proposition which turns the state of disequilibrium into an absolute, instead of analysing the concrete objective and subjective factors that

determine the process of economic development (like changes in natural conditions, investment priorities, the start of new productive capacities, the uneven use of manpower, the imperfections and irregularities in economic planning and management, the varying intensity of labour, and so on).

The past decade has seen China's ideological and political superstructure increasingly riddled with elements that have nothing in common with Marxism except their phraseology. Take, for instance, the "great proletarian cultural revolution" with its ideological chaos, struggle for power and Mao Tse-tung's personality cult, which has been whipped up almost to the pitch of a religious rite. These elements cast doubt on the socialist nature of China's political and ideological superstructure and make one wonder whether the present CPC leaders have ever understood the essence of the Marxist-Leninist doctrine. Scientists should, therefore, go on studying problems connected with the penetration and spread of Marxist ideas in China and also their peculiar interplay with traditional (Confucian and Taoist) and revolutionary-peasant views (the Taipings' utopian striving towards egalitarianism). Under the pretext of "Sinicising" Marxism, the Maoists have been spreading nationalist, anti-Marxist views. These include their vulgar, simplistic approach to objective class relations, which gives an entirely different reading to the concepts of "proletarian" and "bourgeois", something that eventually produces an utterly arbitrary and subjective view of the theory and practice of class struggle and its use both inside the country and on a world scale (this includes the classification of countries and peoples as poor proletarians and rich bourgeois, and also the concept of world town and world village). The distorted reflection of reality in the Chinese mind is in a way obviously connected with the relatively backward class relations of Chinese society, the massive indigence among the Chinese working people in the past and the continued poverty today, among the rural population above all. The distortions are also, undoubtedly, due to the fact that most Chinese leading cadres are of peasant and petty-bourgeois stock, and had for decades, during the armed revolutionary struggle, lived in poor and backward rural areas.

E. A. Kononov (USSR)

SOCIO-ECONOMIC ASPECTS OF THE POPULATION PROBLEM IN THE PRC

Population is one of society's major material ingredients and determines the size of its social wealth and potential for economic development. The interconnections between social conditions and the size and structure of the population are complex and varied, but its reproduction pattern is always determined by the socio-economic system.

Here are some special features in the reproduction of the PRC's population under the influence of the concrete historical conditions of its social development: biologically and traditionally high birth-rate, high death-rate, low mobility and extremely uneven distribution. Some of these factors have been changing under the impact of the new social conditions. Thus, a nationwide health network is being established, food is being distributed in a centralised manner between various parts of the country and urbanisation has been gathering momentum.

The vast and rapidly growing population has a powerful and constant influence on the country's economy and politics. Wherever social reform is largely token, shallow and inconsistent, the population is more likely to have a strong influence on social development rather than undergo the evolutionising effect of social factors. Where that is so, the reproduction pattern tends to respond very little to social reform, which embraces sector after sector in production, exchange, distribution, forms of consumption, and so on. A crucial change in the reproduction pattern can only be brought about by a sweeping range of revolutionary

measures involving numerous aspects of the life and work of whole classes and vast areas. That is why population laws for any social formation can only be formulated where a historic mode of production has already been fully established.¹ Since China is now in its transition period and has a vast variety of social relationships and distinctions in the way of life of various nationalities in different parts of the country, it is impossible to formulate its demographic regularities "in pure form".

These objective conditions apart, population processes in the PRC are also greatly influenced by the official policy of "birth control", which has a direct bearing on the country's economy, so providing fresh proof of Marx's "population law", which brings out the connection between the size of population and the rational employment of its able-bodied section in socially useful labour for the purpose of raising the material and cultural living standards. Although bourgeois ideologists and some revisionist-minded scientists in the socialist countries have tried to give a "broader" reading to population laws, and place these outside the "narrow" framework of interconnection between population growth and employment, the socialist countries' collective experience has provided many convincing examples of the fact that this interconnection is the gist of the population law. Thus, the PRC's quarter century fully confirms the organic links between the reproduction pattern and the improvement and most rational use of manpower.

At present, China's most urgent and important population question is whether under the present structure its vast population tends to promote or to hinder its further economic development.

A single concrete economic criterion cannot provide the whole answer to this question. Still, the closest thing is the indicator showing the correlation between national-income growth and additional expenditure on population growth (i.e., the percentage of national-income growth that goes to maintain one per cent of the additional population). A comparison between these indicators for a group of countries shows that "the cost of maintaining a population unit" varies widely. It differs even within a single country, from one stage of development to another, showing not only upward, but

also downward tendencies, as China's past decade has shown.

The general conditions are the growth rate of the livelihood resources fund and the dynamics of embodied labour input. In highly industrialised countries with high growth rates, the bulk of the input increase per statistical population unit goes to establish additional work places, whereas in countries with a low organic composition of capital and a low-intensive industrialisation programme—to maintain the existing living standard of the growing population. As a result, industrially advanced countries require a 4 to 6 per cent increase in the national income to maintain an additional 1 per cent of the population (out of a 6 per cent increase in the national income, for instance, 1 per cent goes to raise the consumer fund, 1 per cent—to expand the services sector, and 4 per cent—to increase the cost of embodied labour and establish new work places). The other group of countries can maintain an additional population unit with only a fraction of the means of production and articles of consumption required by the first group. In India and China, for instance, the cost of maintaining additional population over the past few years has been roughly equal to the increase in the national income. This tendency is a direct result of the limitation of consumer rations and the policy of industrialisation largely through "cheap" construction methods and the use of manual labour in production. This produces the illusion that additional population in these countries can be maintained very cheaply (as a matter of fact, these countries are much less concerned about population growth than those where such growth is burdensome for "industrial" reasons).

In the short term, the policy of economising on the people's livelihood fund may seem to be some sort of remedy for a backward economy, but when viewed in the long term, from the standpoint of reproduction of the whole social product and the population, it turns out to be a policy of the most ruinous kind. The country's specific features, like its vast population, can never serve to justify the lowering of maintenance standards for the bulk of the population. The Maoists prefer to forget Marx's important proposition that even under socialism the necessary product should be

expanded "to that volume of consumption which is permitted, on the one hand, by the existing productivity of society ... and which, on the other hand, the full development of the individuality requires".² In this matter, Maoist policy is not even pragmatic, but seeks, by moulding a new social ideal—that of a puritan with rudimentary spiritual requirements—to make up for the huge economic losses inflicted on the PRC by adventurist economic experiments.

Less than full compensation for the manpower input into the national economy is now the only source of savings for implementing economic programmes. The all-round cut-back in the resources going into manpower reproduction so as to build up accumulations to maintain production levels and carry out ruinous military programmes tends to reproduce extensive methods and ways of development, that is, allows for an increase in production only insofar as more living and embodied labour is being used up. Thus, production does not increase because of any labour economies, but, in the final count, because of a higher overall input of living labour per product unit.

Let us consider some aspects of the influence of China's population on its socio-economic problems.

China has always had high birth- and death-rates and low population mobility. At the early stages of social development, the population factor played a paramount role in economics, politics and culture. It had a definitive influence on the development of Chinese society throughout the feudal and semi-colonial period.

The PRC (Taiwan included) now has a population of about 780 million, which is more than one-fifth of the world total and two-thirds of that of the world socialist system.

In the PRC's first 20 years, its population increased by 200 million, going up by 130 million, or 25 per cent, in the first decade, and 70 million, or 9 per cent, in the second. At the PRC's first stage, the annual growth rate of its population was one of the world's highest, whereas now it has dropped to one of the world's lowest. In some years the population increased by no more than 0.5 per cent, whereas in some provinces it has even dropped in absolute terms, partly owing to mechanical outflows.

The drastic change in the reproduction pattern over the past two decades is due to more than socio-economic evolution alone, although the latter has had a marked effect on the birth-rate zigzags and death-rate undulations.

In the PRC's first decade, the birth-rate was very high, with 40 births per 1,000 persons in the late 1950s. This was largely due to favourable conditions for the formation of new families: the ending of wars, transition to peaceful construction, the agrarian reform and the sharp changes in employment among the rural and part of the urban population. That was when there was a drop in the average marry-in age, first in the towns and then in the countryside, something that led to an absolute increase in the number of births to women aged from 15 to 19 and especially from 20 to 24, which had a decisive effect on the birth-rate as a whole.

Large sections of the poorer population came to look on marriage in a different light: in old China marriages tended for the most part to be put off because people had no regular sources of livelihood for lack or shortage of land, or because of difficulties in finding permanent employment. There were also other reasons. Plotting two simplified graphs, one for the number of women of crucial child-bearing age and the other for the number of women actually married, we find that in the 1950-59 period the gap between the two ascending lines tends sharply to narrow down. In 1950, there were roughly 120 million women in the 15-45 age group, with no more than 60 million of these being actually married (undissolved feudal marriages apart). By 1955, the number of women in this age group was up to 140 million, and by 1960—to 158 million, whereas the number of married women increased over the decade to 110-115 million (by 50-55 million), so that the number of births went up sharply. Most children were born to women in the 20-24 and 25-29 age groups, whose number in 1960 was already up to 62 million, or about half the number of all married women, but they accounted for as much as 65-70 per cent of the total number of births. Thus, the high birth-rate in the PRC's early years was chiefly due to the cumulative effect both of social changes (lower marrying age and higher marriage rate)³ and population changes (more women in the age groups that are "strategic" from the standpoint of re-

production). A favourable balance between the sexes was another important factor.

These changes in the conditions for the reproduction of the population soon rapidly swelled the younger age groups. According to my estimates, in 1950 there were 170 million persons in the 0-15 age group, in 1955—200 million and in 1960—245 million.

But it was the rapid lowering of the death-rate that was the main cause behind the higher rate of population growth. In old China, the death-rate had been high because of considerable infant mortality (250-300 per 1,000 live births), and also mortality caused by highly infectious diseases and malnutrition. Upon liberation, the influence of these factors began to lessen. Thus, from 1949 to 1959, infant mortality, that is, mortality in the 0-1 age group, was down by 70-75 per cent, to 75 per 1,000 (in the towns). The establishment of a national mother and child welfare system (largely with Soviet assistance) helped to reduce or eliminate the main causes of high mother and infant mortality in the towns and some rural areas. The mortality structure was also changed as a result of a sharp drop in the number of deaths from cholera, the plague, smallpox, bilharziasis, and other diseases (chiefly owing to the Soviet Union's help in setting up a national anti-epidemic service).

Over the PRC's first decade, the average death-rate was down by one-half, to 12-14 per 1,000 persons, with very little change, however, in the 1-14 and 15-49 age groups, because mere sanitary and hygienic measures were not enough to reduce the incidence of disease and mortality in these groups, for that required drastic improvements in nutrition and working conditions, that is, a radical improvement in overall living conditions. But in the early years of the people's power that could not as yet be done.

On the whole, therefore, from 1949 to 1959, natural population growth was on the increase as a result of a 50 per cent drop in the death-rate combined with a birth-rate that was very high most of the time. As a result, the absolute increase grew from year to year: the annual average over that period was 14-16 million, or an annual growth rate of more than 2 per cent.

In the 1960s, there was a sharp change in the reproduc-

tion pattern, chiefly as a result of the changes in the CPC leadership's population policy. Since the beginning of the PRC's second decade, the Mao group has sought to ease the mounting population pressures on the country's economic resources by shaping an entirely new nationwide attitude to child-bearing and family size. The two main goals are, first, late marriages (as late as possible) and, second, a limit on the number of children per family (no more than two). The Chinese leaders have been taking vigorous measures to attain the two goals of their population policy, using effective economic measures to back up their purely administrative and enforcement measures.

It is easy to see that the worsening of the economic situation in the country upon the failure of the "great leap forward" promoted the implementation of the new line, for most married couples were quite deliberate in deciding to have a limited number of children. As for "raising the marrying age", this artificial process (the most radical means of achieving a temporary cut-back in the number of births) was chiefly brought about by the propaganda of Mao Tse-tung's "new ideas" on this point.

Chronic malnutrition among the bulk of the population at the time also served to reduce the birth-rate.

How has the raising of the marrying age affected child-bearing in China? In 1960, there were 24 million women in the 20-24 age group, in 1965—26 million and in 1970—35 million. As the marrying age went up in the 1960s to 25 for women and 28 for men, the child-bearing sections were reduced by 90 million, that is, by an average of 9 million a year. "Deferred marriages" reduced the number of births throughout the country by 30-35 per cent, that is, by 7-8 million a year.

Another factor adding to the drop in the overall birth-rate is the "statutory" limitation of the number of children to one or two per family. This makes for an annual reduction of 1.5-2.5 million, as compared with the traditionally "normal family size".

On the whole, the propaganda campaign aimed to limit the birth-rate, "reinforced" by the introduction of a tougher rationing system and the constant malnutrition of most of the population, was, according to Maoist intentions, to have

reduced the birth-rate and so helped solve the population problem.

Administrative interference in family life, however, cannot in any way ensure the success of the new policy or be effective for any length of time. In the conditions of so vast a country, families can deliberately forego having children and young people abstain from marrying only in an emergency (war, forced labour, chronic famine or lack of sources of livelihood among the adult family members). Under other circumstances, the natural urge to marry and have the desired number of children will always gain the upper hand, while any attempts to divert the energy of the young into "revolutionary" (mutinous) and other forms of activity are fraught with very grave consequences for the regime. This is another important social aspect of the anti-popular Maoist policy.

Population structure is of vast importance from the economic and strategic standpoints, as well as from the standpoint of population reproduction proper. The number of persons in the working age group and the balance between the young and old age groups determine the economic load per working person. The manning of the army and the home guard, too, depends on the number of persons of recruiting age. China's population structure has a number of specific features. First, there are more men than women. Since the establishment of the PRC, the absolute gap has increased from 18 to 22 million, to 107 men per 100 women. In some provinces, above all in the outlying areas of the North-West and the North-East, and the Sinkiang-Uighur Autonomous Region, the prevalence is very great. The constant and marked prevalence of men is due to several causes, but mainly to the extremely hard conditions of the Chinese women's life and work: work since childhood, early marriage, frequent childbirth at an early age, housekeeping combined with heavy production work, chronic malnutrition and other factors produce a high incidence of disease and high mortality among the women. Their life expectancy averages 40-42 years, or four to five years less than that of men.

The age structure is marked by intensive rejuvenation: the share of young persons under 15 years of age has been increasing, and that of old persons over 60 has been going

down. In the PRC's early years, the young accounted for 34 per cent of the population, whereas now the figure is more than 43 per cent. These changes have admittedly had a negative effect on the economic situation in working people's families: in 1949, there were 1.3 dependents per wage earner as against 1.7 in 1969. In something like 15 years after the start of the population surge in China, the working age groups began to swell. These large groups, however, must be provided with economic conditions that would enable them to use their ability and knowledge in their work, something that requires millions of additional work places and more objects to which they can apply their labour. Where the latter are provided, the additional groups of persons capable of work at once become a source of additional production and wealth for the country, but where these are not provided, the additional manpower resources are a heavy burden on society.

Under these population conditions, the changes in the Chinese leaders' views of the population problem have mirrored the whole process of their ideological transformation. This has gone through three stages.

Stage one, from the PRC's establishment to 1956, was marked by utter disregard of population problems and neglect of the complex questions connected with the need to reckon with the population factor in economic and cultural construction. Although the existence of a vast population and its explosive growth had already been recorded by the planning and statistical agencies in the PRC's early years (in the voluminous documents of the 1953 census in particular), neither during the rehabilitation nor in the early years of the first five-year period did the Chinese leaders recognise or try to eliminate the problems and difficulties facing the economy because of the explosive population growth. They ignored the need for timely reorientation of the entire health system, primary education and cultural institutions to repel the swelling "population" tide, although it had already become clear that it would soon be hard to provide the rapidly growing population with the necessary means of livelihood.

Stage two was marked by the emergence of writings and numerous statements by Chinese sociologists and economists

which betrayed their sense of panic over the population problem. Chinese social thinkers, mostly scientists educated and trained in the West and partially influenced by Malthusian views, spoke at length of the need to take resolute steps to curb the explosive population growth. Though professing to disown Malthusianism, they saw no other way out than to stem the birth-rate by allowing abortions, sterilisation, and so on. These remedies were, for instance, suggested by the well-known scientist, Professor Ma Yin-chu. This collective opinion did not go unheeded. In one of his reports, Chou En-lai said that it was advisable to limit the birth-rate in some areas. The predominant standpoint, however, was still expressed in Mao Tse-tung's dogmatic maxim: "It is good to have many people." It reflects the eclectic nature of his "thought" as a whole: it contains elements of views that were typical of the early feudal society in China, which regarded the big family as a source of wealth, and the Sino-centrist view that a vast population was the mark and earnest of any state's might and prosperity. While scientists were trying (albeit from erroneous, or even Malthusian motives) to convince the Chinese leadership of the need to take resolute steps to modify the reproduction processes, Mao Tse-tung and his group launched a "world historic" experiment to use China's specifics, that is, its vast population, in their own interests. The "great leap forward" and the "people's communes" policy was based on the non-Marxist and unscientific proposition that unlimited living labour resources could be put to the utmost use to achieve high development rates. The "great leap forward", to be carried out by any possible means, that is, by wasting human energy, "economising" on modern means of production and making hundreds of millions of people work without pay, was to have provided proof of China's exclusive way of industrialisation and communist construction, a way that "bypassed socialism". At that stage, there was a clash between the ideas that population problems were intractable, expressed by some bourgeois-nationalist scientists, and the rash and ambitious projects being carried out under the banner of the nationalist dogmatists within the Chinese leadership. The negative effects of population growth were becoming more and more pronounced.

Stage three of the evolution of the Chinese leaders' views on population problems followed the failure of the "great leap forward" and the "people's communes" policy. There was a steep swing away from the old economic strategy: the "revolutionary measures" in the economy gave way to agonising half-way measures to order the economy, and the reckless optimism in respect of the time-scale for building a communist society—to sceptical forecasts that industrialisation could not be carried out in China for decades or even a century to come.

This also had a direct bearing on population views. The old formula, "It is good to have many people", was modified as follows: "It is both good and bad to have many people." In a talk with Edgar Snow, Mao Tse-tung voiced his dissatisfaction with the fact that the peasants were "slow to adopt birth-control methods".

Having failed in their attempt to resolve the contradiction between the growing population and the limited economic resources through the "great leap forward", the Chinese leaders started a vigorous administrative campaign to slice the birth-rate, making use of drastic measures such as official raising of the marrying age, forced separation of young married couples on the pretext of "serving the people", broad propaganda of the health benefits of sterilisation and the need to have fewer children in the interests of the state, the restructuring of the rationing system to the disadvantage of large families, and so on. The whole campaign to "hold down" population growth has been based on administrative and bureaucratic measures, affecting the life and health of tens and hundreds of millions of people. In the gloomy years of the "cultural revolution", tens of millions of young people were made to waste their energies on crushing the legitimate Party organs, spreading anti-Sovietism and preparing the whole people for "war and famine". Fanatical ideals were being fostered among the youth: "To take delight in privation, and make sacrifices for the sake of the people." These drastic swings in the Chinese leaders' views are not accidental: they are typical of nationalism and petty-bourgeois revolutionarism.

The interconnections between population growth and economic development differ in intensity from one social

stage to another: the higher the level of the productive forces and the development of manpower resources, the deeper and more organic are the interconnections between the type of economic development and the population growth rate. These interconnections are realised through the quantity and productive capacity of the working sections of the population, but the conditions for the fullest and most effective use of the latter differ from one socio-economic formation to another. Capitalism does not eliminate the disproportions between the available manpower resources and the possibilities for providing these with gainful employment, whereas socialism, transferring the basic means of production into the property of the whole people and the co-operatives, increases the degree of the population's employment in a balanced and intensive manner, shaping new proportions between living and embodied labour.

In the socialist countries there is on the whole a relatively high level in the use of manpower resources. As compared with the advanced capitalist (to say nothing of developing) countries, most socialist countries have achieved considerable success in the rational use of manpower resources, absorption of the agrarian population, and increase in worked time. All those are important factors of production growth.

China's complex problem concerning the use of manpower is still to be solved, chiefly because the Chinese leaders have no clear-cut strategic line on employment and have been unable, by working scrupulously and step by step, to overcome the unfavourable situation involving the vast pool of manpower resources and the limited resources of embodied labour.

In the PRC's first 20 years, according to the author's estimate, the employment level went up considerably: the overall number of employed went up by about 100-110 million: by almost 30 million—from 10.5 to 40 million—in the towns, and by 70-80 million—from 170 to 240-250 million—in the countryside. Thus, the absolute increase in the number of employed was fairly substantial. Over the 20 years, however, the number of persons in the working age groups was also up by more than 100 million, so that the overall increase in employment at best matched the increase in the able-bodied population. Considering the rampant unemp-

loyment in the towns and the overpopulation in the countryside which the new power had inherited from the old days, one is bound to say that the Chinese leaders have not found any radical solution for the problem of employment and provision of jobs for women and the young. The structure of manpower distribution between the various economic sectors continues to be irrational. Some estimates show that in 1950, 90 per cent of the labour force was employed in agriculture and only 1.5 per cent—in industry. Over these 20 years, employment in industry was up from 3 to 16 million, its share increasing to 6 per cent, but more than 80 per cent of the total was still engaged in agriculture. Consequently, employment in China today is a pyramid with a broad base of peasants, who are poorly equipped with modern implements and have a low education level and a primitive knowledge of agrotechnics. The next layer (more than 10 per cent of the total number of employed) consists of workers in the services, local transport and the handicrafts. They are also ill-equipped with production assets and work seasonally, for with the rise and fall in demand the number of workers employed in these sectors varies widely and their earnings rise and fall accordingly. Finally, the tip of the pyramid is made up of workers in the modern industries and transport, and also of highly skilled scientific and technical personnel.

This manpower structure reflects the low development level of the productive forces and stands out in sharp contrast to the manpower structure in other socialist countries. Thus, only 2 per cent of the PRC's total population is employed in industry, as against 18 per cent in the GDR and 12 per cent in the USSR. The manpower flow from the less productive to the more productive sectors is a reflection of economic development as a whole and obeys the regularities of extended reproduction: workers are released from various spheres of material production as the level of their equipment with advanced modern machinery rises. This rise is, in turn, due to a vast growth in investment, which goes to increase the asset-per-worker ratio.

Solution of employment problems depends on many social and economic factors, of which the latter are the more important ones. Apart from tackling the major social problem of providing employment for all persons capable of work,

the country must also decide on the ways of increasing production and combining the extensive and intensive development factors to achieve the most rapid production growth, effective accumulation and higher living standards. This can only be done by optimising the rate of increase in employment, that is, by creating more work places and boosting individual labour productivity by increasing the technical level per unit of production and fitting out the new work places with more advanced equipment. This, to quote Marx, is the watershed between the extensive and intensive forms of extended reproduction.

Every socialist country and every stage of its economic development have their own proportions between the factors of economic growth, which decide the balance between extensive and intensive forms. The criterion here is not the size of population or growth rate of able-bodied population: these indicators are merely a condition for production growth, but should not be regarded as a self-sufficing factor which determines all the other proportions. Elimination of unemployment, absorption of the agrarian population and involvement of housewives in production are important socialist gains, but these problems can only be considered solved where the requirements of socialist extended reproduction have been met. Thus, for instance, if the sphere of employment is inflated in a lop-sided manner, merely to eliminate unemployment, this could lead to a decline in the efficiency of production and the asset-per-worker ratio and, in consequence, to a slowdown of labour productivity growth. The increase in output would then be due to an increase in the absolute mass and share of living labour, equipped with means of production on a constant or even declining technical basis. Production growth would not be due to labour economies, but to the growing recruitment of unsophisticated, unskilled and low-productive manpower. From the standpoint of extended reproduction, this is a sign of social regress, rather than socio-economic progress. Socialist society does not want its manpower resources to be used to the utmost and strained to the very limit, but wants to save and economise human energy.

The more than two decades of China's economic development have seen sharp turns and vast changes in employ-

ment policy reflecting the general tendencies of the country's economic policy. During rehabilitation and the first five-year period, employment policy was chiefly aimed to reduce urban unemployment (by 1950, China had more than 3 million officially registered unemployed), to ease the pressure of excess agrarian population on the towns (at the time of the agrarian reform, the countryside had more than 100 million fully unemployed farmers with more than half the rest working less than 120 days a year), and gradually to involve housewives in social production (nine in ten women in the working-age bracket living in the towns had no employment). The problems were clearly formidable, and the Party and state attached much significance to their solution. In the course of economic rehabilitation, the agrarian reform and the first five-year period, the CPC managed to reduce the impact of the vast pool of unused manpower on the economic potential. The increase in the number of employed in modern industry went hand in hand with a rapid increase in the asset-to-worker ratio and the building of large modern industrial projects. Railway transport was being redeveloped and civilian construction was conducted on a vast scale. The abolition of landowner property and introduction of simple forms of co-operation in agriculture went to increase the number of employed and the working time per employed person. Although living labour was still the prevailing factor in the countryside and accounted for more than two-thirds of the increase in production, the average asset-to-worker ratio was nevertheless going up and labour productivity was rising at the rapid pace. It may be said that even under these extremely hard economic conditions, the CPC and the Government, working on the general principles of the Marxist-Leninist economic doctrine and taking the country's specifics into account, succeeded in making their first steps along the arduous road towards eliminating the country's technico-economic backwardness. Here they borrowed from the rich experience of the Soviet Union and other socialist countries and gained experience of their own.

But in late 1957 and particularly in 1958, the Chinese leaders left the old road to follow a "new general line", an essentially nationalistic programme with reliance on "China's

unique conditions", which were said to be extremely favourable for building communism in unprecedented strides. It was emphasised in every possible way that a vast population offered nothing but advantages. During the "great leap forward" there was an attempt to utilise tens of millions of spare hands: farmers and intellectuals, children and old people were drawn into the nationwide "struggle for steel". In that struggle the Chinese leaders assigned the decisive role to manpower, the mass of living labour involved in the campaign.

But it was, of course, impossible "to outstrip in three to five years any capitalist country in production and technology" (as the leaders promised in their slogans) through the massive employment of manual labour, use of cheap and primitive implements and all-round restrictions on the use of mechanical drives and electric power, and also "economies" on the remuneration of living labour. It was all bound to end in failure.

The "great leap forward" policy violated the main objective economic laws. It was not backed up with adequate resources or machinery; millions of "fighters for steel" lacked the skills and experience; and in that period there was no demand for the products of "backyard metallurgy".

The imbalance between the vast inputs of manpower and raw and other materials, and the socially negligible result well showed the extreme ineffectiveness of that production method.

Construction costs only seemed to be low: it has been estimated that the building of one furnace required no more than 20 yuans, but involved tens and even hundreds of man-days. Every furnace was permanently serviced by dozens of workers. According to the estimates of Chinese economists, the smelting of a ton of pig iron in the primitive furnaces took an average of 50 to 60 man-days, 7 to 17 cubic metres of wood and large quantities of other costly raw and other materials.

The average input of living labour at the small enterprises in a number of basic industries (like coal, iron and steel, and chemicals) was eight to ten times that of the large modern plants, while the input of embodied labour was on average two or three times higher.

Thus, the quantitative achievements in industry during the "great leap forward" which Mao Tse-tung and his group loudly announced involved the waste of human labour and accumulated assets, great overstrain of all the economic resources and distortion of the main economic proportions.

The economic "ordering" phase (1961-65) was meant to eliminate the economic difficulties caused by the "great leap forward". In their economic measures the Mao group chiefly aimed to use political and ideological campaigns to prevent the national economy from grinding to a halt and to apply tough measures to centralise economic activity so as to direct the country's economy along the road to militarisation. In that period, there was a sharp change in the whole employment strategy. In 1961, the more than 20 million people recruited in 1958 to work in "backyard metallurgy" were sent back to the countryside. Employment in industry dropped from 25 million to 10 million, with another 5 million being drawn off from capital construction, transport and other sectors of material production. Millions of intellectuals were also sent out to the countryside by decree.

The rapid flow of massive manpower pools back into the countryside had a grave effect on reproduction in the rural areas. The Chinese countryside can provide work for only a limited amount of manpower. Over the preceding few years, the farming area had not been extended to any marked degree, the production of farming implements and tools had dropped sharply, the livestock and draught animal population was down by one-third, traditional rural trades and crafts, once accounting for something like one-quarter to one-third of all employment in the countryside, had gone into decline. With tax rates up and the output of marketable farm produce down, wage fund in the "people's communes" had shrunk in absolute terms. As a result, there was very little demand for the labour of additional millions of farmers, to say nothing of the manpower recruited from the urban areas, both in the densely populated areas and the outlying provinces with poorly developed farming. The leaders' policy was aimed to shift the burden of maintaining millions of urban dwellers from the state to the weak "people's communes", which had to "pay their own way". The fresh manpower channelled into the countryside (which

amounted to 10 per cent of all manpower) was a heavy burden for the Chinese peasantry.

The marked increase in the number of employed in agriculture combined with a fixed scale of production and extremely limited means of employment could do nothing to help the economy. As the farmers' consumption and wage fund increased, albeit ever so slightly, there was also an increase in the share of the living labour and a drop in that of the embodied labour going into the agricultural product; there was a marked drop in the efficiency of farming and in the rate and mass of the surplus product; human muscle power was still the only source of any increase in production. Neither the "people's communes" nor the farmers themselves were interested in boosting production, for their farming was not assessed on the strength of how they increased their labour productivity or efficiency but on how accurate and conscientious they were in paying state taxes, going out to work and studying Mao Tse-tung's writings. That was when the technical re-equipment of agriculture slowed down owing to a cut-back in the supply of modern farming machinery by large-scale industry and the lack of effective demand for any means of production.

The bulk of the expenditure went to satisfy the most urgent and primitive needs of the rural population: food, clothing and repair of old implements. The Mao group's policy of forcing additional manpower into the countryside did much to impede reproduction in agriculture as a whole, creating a vicious circle, where additional manpower input was believed to be the only way to expand production, something that tended to swell wage fund and drain the resources that should have gone into modern implements and into releasing manpower to increase labour productivity. The more primitive, unskilled manual labour was being pumped into agriculture, the narrower were the possibilities of reproduction as a whole.

Economic progress involves a gradual transition from extensive to predominantly intensive forms of farming, but the Chinese leaders tried to "intensify" farming by forcibly supercharging it with manpower. "Intensification through manpower" is in fact the most obvious form of extensive economic operations, for it leads to a steady reduction in the

share of embodied-labour inputs and in reproduction resources in farming itself. The reproduction fund in China's farming (i.e., the "people's communes'" surplus product minus the taxes and other deductions into the state budget) now comes to no more than 5 per cent. But in the saturation of agriculture with living labour the world has never yet known a situation as grave as that in present-day China. Even the situation in Japan at the height of its agrarian overpopulation period (in the 1950s, it had 500 rural inhabitants per 100 hectares of farmland) was not as bad as that in present-day China.

In 1955, the livening up in population growth which had started upon the establishment of the PRC began to tell on the balance of China's manpower resources. In the rural areas, the working-age group increased by 5-7 million a year, and from 1970 onwards—by 10-12 million. Thus, the annual increase in the manpower pool requiring employment amounts to 2.5 per cent and is shortly expected to rise to about 4 per cent. In the present conditions, that is, under the present employment policy, an annual growth in agriculture of even 3 to 4 per cent (an unlikely figure, not achieved over the past decade) would be solely due to the rapid and continued increase in the numbers of employed in agriculture.

Grain cropping—a decisive sector of agricultural production—provides a more concrete example of the balance between the growth rate in production and the mass of living labour in the rural areas.

In 1957 and 1958, grain crops covered about 70 per cent of the country's sowing area and employed something like 40 per cent of the rural manpower resources, while their production costs amounted to about 45 per cent of the overall cost of all farm produce. During the "great leap forward" experiment, grain farming was drained of a good deal of its material, financial and manpower resources, something that entailed a sharp drop in yields, the overall output of the basic food crops and the farmers' labour productivity.

Under the grave food crisis in the "ordering period", the CPC leaders came up with the slogan that "agriculture is the basis of the national economy", with grain being "its decisive sector". From that time (1961) onwards, the aim was to increase grain production by any possible means. The

CPC leaders believed that the easiest way to do this was to recruit into that sector as much manpower as possible. Let us recall that in 1958 China's grain farming employed 80 million people a year, or about 40 per cent of the total number of man-days worked in agriculture. The rest were employed in technical crops, forestry, fishery, capital construction, the services, and also the industry of the "people's communes". About 20 per cent of all the manpower in the rural areas was employed in industry.⁴ The gross grain yield at the time amounted to about 200 million tons, that is, an annual average of 2.5 tons per farmer-year. With an average of 285 working days a year, the daily output per worker was less than 9 kilogrammes of grain. In rice production, the figure was 12 kilogrammes, wheat—8 kilogrammes, and other grain crops—about 8 kilogrammes.

In the decade following the failure of the "great leap forward" (1961-70), there was a rapid intensification of grain farming through living labour due to two factors: an increase in the overall manpower reserves in the countryside, which was partly due to the influx of urban dwellers, and a concentration of the major manpower resources in grain farming through a reduction in the number of employed in other agricultural and non-agricultural sectors of the rural economy.

Our estimates show that from 1960 to 1965, China's rural population increased from about 565 million to 600 million, going up by something like 7 million a year. In 1970, the rural population was already up to more than 650 million, which meant an annual increase of about 10 million. In 1960, the able-bodied group in the countryside totalled about 280 million, in 1965—312 million, and in 1970—365 million. In the five years from 1961 to 1965, the rural manpower pool grew by 32 million (2.2 per cent a year), and from 1966 to 1970—by 53 million (3.1 per cent a year). In other words, the pace of increase in the working population in agriculture has quickened, going up from 6.5 million a year in the early 1960s, to 10.5 million in the early 1970s.

Grain farming now employs a much larger share of the manpower resources than during the ruinous period of the "great leap forward". It may be assumed that from 1961 to 1970, grain farming was using at least 20 per cent more

population in the working-age groups than in the preceding periods. The assumption is based on the fact that over the past decade the massive use of peasant labour in capital construction and the "people's communes" industry has virtually been wound up everywhere, and in the auxiliary trades has also to some extent been reduced. There is no doubt at all that throughout the 1960s, grain farming employed no less than 60 per cent of the overall manpower resources in the countryside. This means that in 1960 food crops employed 168 million, in 1965—187 million, and in 1970—219 million, with the annual growth rate averaging 4 million (2.3 per cent), and from 1966 to 1970—6.4 million (3.2 per cent).

The mass of living labour engaged in grain farming has been further swelled as several million urban dwellers have been moved into the rural areas. In 1961-70, about 20 million of the 40 million resettlers could have been used either in grain farming proper or in the growing of technical crops, so as to release some of the farmers for grain production.

To sum up, over the past ten years there has been an extremely high growth rate in the numbers employed in grain farming. Here is a rough estimate: 170 million in 1960 (90 million men in the 16 to 60 age group, and 80 million women in the 16 to 55 age group), 190 million in 1965 (100 million men and 90 million women, respectively), and about 240 million in 1970 (130 million men and 110 million women).

The PRC leaders expected these vast numbers of men to ensure substantial production growth in the food crops. In fact, however, official Chinese estimates and statements by PRC leaders put grain production in 1960 at 170 million tons, in 1965—185 million, and in 1970—240 million tons. Assuming these to be the actual figures, it is not hard to see that from 1961 to 1965 the increase in food crops totalled 9 per cent (1.75 per cent a year), and the increase in the number of employed in that area—12 per cent (2.3 per cent a year). In 1960, the output per man-year, with all employed labour reduced to full-year terms, was 1.4 tons in 1960 (that is, 120 million full-year farmers produced 170 million tons) and 1.3 tons in 1965 (142 million full-year farmers producing 185 million tons of grain). This means that labour pro-

ductivity declined as steadily as the input of living labour increased.

From 1966 to 1970, the output of grain crops was up by 30 per cent (5.4 per cent a year), whereas employment in grain farming was up by 26 per cent (4.75 per cent a year), so that the output per full-year worker increased to 1.5 tons (in 1970, the number of full-year workers was estimated at 180 million).

The slight increase in the per worker output of grain was due to the following factors: the marginal improvement in the food situation and the consequent possibility to increase the work loads; the fact that large sections of the youth were reaching working age and the consequent improvement in the age structure of manpower in the countryside; and the involvement in farming of urban young people in the most vigorous age groups.

Another independent and important factor was the marked increase in the use of chemical and local fertilisers in grain farming.

It is quite true to say, therefore, that the "stable crops gathered throughout the country over the past nine years", which Peking propaganda keeps talking about, have been achieved through a vast input of living labour. Even assuming official Chinese data (which are in fact clearly overstated) to be correct, the 240 million ton grain crop of 1970 was produced by no less than 240 million grain farmers, which means a direct labour input of 250 man-days to produce one ton of grain, or one man-day to produce 4 kilogrammes, whereas Soviet collective farms (in 1967) were producing 240 kilogrammes per man-day.⁵

A comparison of cost indicators for agriculture as a whole will also show the vast inefficiency of agricultural labour in China. In 1957, gross output in agriculture totalled 60,300 million yuans in 1952 prices (53,700 million yuans in 1957 prices), whereas the number of full-year farmers was 150 million, that is, per farmer output was 400 yuans (358 yuans in 1957 prices). In 1970, agricultural production was estimated at about 80,000 million yuans (71,500 million yuans in 1957 prices) and the number of full-year farmers at 280 million, which means per farmer output averaged 286 yuans (252 yuans in 1957 prices). In terms of US dollars,

average per farmer output in China amounts to no more than \$105. Here is how China compares with other countries and areas throughout the world:

	Per farmer output	Per farmer output (per cent of the PRC level)
PRC	105	100
Africa	160	152
Japan	860	819
USA	6,545	6,233

We find, therefore, that any increase in China's agricultural production comes through an additional input of living labour, combined with "economies" in things like electric power, machinery and draught animals. The systematic "cheapening" of manpower instead of its gradual replacement with mechanical and electrical drives could eventually bring about a state of affairs where manual labour would be a more "profitable" power source in agriculture than any modern sources of energy—and that in this age of headlong scientific and technical advance, when other countries are going through an intensive process of saving and economising working time, which is a basic regularity of social progress.

In the spring of 1966, the Chinese leaders made another attempt to tackle the employment problem, this time through the seasonal use of peasant labour in industry. Throwing a veil of "revolutionary" pseudo-Marxist phraseology over their essentially utopian and petty-bourgeois experiments, the Peking theorists came up with the idea of combining industrial and agricultural labour so as to foster a "new type" of working man on the "both worker and peasant" pattern. This meant that in the off-seasons, excess manpower in the rural areas was to be used at small and medium-size industrial enterprises in the various district and regional centres. The "people's communes" had to send large contingents for seasonal industrial work in the city, where they were engaged as auxiliary workers in the more arduous operations for several months a year. Their wages did not exceed those of the local peasants, that is, were only 30 to 50 per cent of the wages paid to urban workers. The "village workers" had to live and work in extremely difficult condi-

tions: housed in modest hostels, they had to provide their own meals, and were deprived of the privileges enjoyed by "regular workers" in state industry. When their term ran out, the seasonal workers returned to the "people's communes". This kind of "alternating work" was presented as the prototype of future work under communism, when distinctions between industrial and agrarian labour would be eliminated. The economic meaning of the "both worker and peasant" formula was to lower workers' wages still further and to intensify peasant labour to an even greater degree. As enforcement measures were used in the process, it was only natural that by the end of the first few months millions of peasants from many provinces had already been involved in the undertaking. This "discovery", however, also came to nothing. With the onset of the "cultural revolution" in the summer of 1966, the practice was in effect abandoned, like all the earlier attempts to solve the manpower problem in the village "at one stroke".

¹ See K. Marx, *Capital*, Vol. 1, p. 592.

² K. Marx, *Capital*, Vol. III, p. 854.

³ The average marrying age for women in China was lowered considerably, down to about 18 years. In other Asian countries the average marrying age is much lower: in India, for instance, it is 16.5 years.

⁴ *The PRC Economy, 1949-1959*, Moscow, 1959, p. 221 (in Russian).

⁵ P. A. Khromov, *U. I. Lenin on Labour Productivity*, Moscow, 1969, p. 90 (in Russian).

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ON THE TWO SPHERES OF THE CHINESE ECONOMY

China's record since the Ninth Congress of the CPC shows that its national economy has in effect been divided into two spheres: a military sphere, comprising a narrow range of sectors, which are directly controlled from the centre and receive the bulk of the financial resources, machinery and skilled personnel; and the civilian sphere, which largely operates on the principles of decentralisation and self-sufficiency. The latter is made to "rely on its own strength", that is, has to make do without any centralised credits or investments. At the same time, however, a large share of the national product it creates goes to carry out militarist programmes. This means that the whole Chinese economy has been geared to the Maoists' Great-Power hegemonistic purposes, leading to its lop-sided development.

The central authorities exercise direct control over these areas:

a) all large-scale industry, including the arms industry, large factories in the light and heavy industry, and also some of the medium-size enterprises;

b) the central transport and communications system (one of the first economic moves during the "cultural revolution" was to put the army in control of all the railways and airlines);

c) the banking system;

d) foreign trade;

e) wholesale trade, notably the marketing of the means of production turned out by large-scale industry;

f) the system of grain, cotton and oil-bearing crops procurement (instructions issued by the CPC Central Committee, the State Council, the Military Committee and the "Group for the Affairs of the Cultural Revolution" on January 18, 1968, prohibited state enterprises, educational establishments and other organisations from purchasing these products on the markets or in the "people's commune" of their own accord);

g) research institutes and higher educational establishments of military significance (let us recall that most of the research for military purposes was not affected by the "cultural revolution").

These sectors provide a direct economic, scientific and technical basis of power for the Mao group. These are, for the most part, sectors of material production closely allied with military production. Large enterprises in the light industry should also be included, for they, too, are an important source of state accumulation of financial resources and provide supplies for the army and population.

The local authorities exercise control over:

- a) agriculture, in the matter of achieving the targets set by the state;
- b) local industry (the smaller enterprises above all);
- c) handicrafts;
- d) local transport;
- e) retail trade;
- f) most schools and health establishments.

Under Maoist plans, designed for the utmost concentration of all the material and manpower resources for the achievement of Great-Power goals, these sectors, employing more than 85 per cent of the total population, have been vested with a range of important economic and political functions.

First of all, they are a source of finance for the centrally run sphere.

The official figure for the agricultural replacement fund in 1955-57 was 24-26 per cent of the sector's gross product. The present figure is about the same. Another 60 or so per cent of the overall value of agricultural production goes into remuneration (in cash and kind). This means that the surplus product amounts to about 15 per cent of the gross value of agricultural production, which, when calculated on the

basis of the estimate for 1966 (a total of 60,000 million yuans), comes to about 9,000 million yuans.

On the strength of the same data, 7 per cent of the gross value, that is, 4,400 million yuans, goes in direct taxes. The subordination of schools and health establishments to local organs of power (ranging from provinces to people's communes) means the withdrawal of an additional share of agriculture's surplus product.

The price spread for industrial and agricultural products is an indirect way for the central authorities to accumulate a large part of agriculture's surplus product (through the sales of farming machinery, fertilisers, pumps, tractors, and so on) and a part of the necessary product (through the sale of consumer goods to farmers), with about 80 per cent of the total output in the light industry being realised in the countryside.

Thus, agriculture is on the whole a substantial source of accumulation for the financing of the centrally run sphere.

The locally run sectors also have an important role to play in providing raw materials for industries, the light industry above all. There are figures to show that 80 per cent of the latter's output is made of farm produce.¹

The locally run sphere also serves, directly and indirectly, to provide manpower for the centrally run sphere (indirect manpower supply implies massive employment of peasants and handicraftsmen in primitive ways of producing technical parts, which makes it possible to economise on investments in the centrally run sphere. Thus, the so-called street industry accounts for 80 per cent of all electronic components and devices and 50 per cent of all components for the production of machine-tools and electrical machines in Heilungkiang Province².

A most important function of the locally run sectors is to provide work for the steadily growing population, notably, the urban dwellers who are forced to move into the countryside. Since the Peking leaders' economic policy cannot serve to satisfy the constantly growing need for work places, the Maoists have decided to tackle the employment problem chiefly through more extensive agricultural production and establishment of primitive small-scale industry. Hence the

rationale of individual self-denial and the attempts to force a low ceiling on the people's living standards.

The locally run sphere also has to lay the groundwork for mechanisation in farming.

Here, the Maoists have laid stress on local small-scale industry, in the people's communes in particular, with emphasis on their own, local resources. Though officially proclaiming the need for rapid mechanisation in agriculture as a prerequisite for raising labour productivity and an important factor in the consistent implementation of the so-called major strategic line—"to get ready for war and natural disasters, everything for the people"—the Peking leaders have themselves come to realise that the solution of the problem is still a very long way off. *Hungchi* (No. 2, 1970) wrote: "Further transformation of the countryside along socialist lines ... implies a gradual expansion of the people's communes' accumulation funds, development of industry in the people's communes and gradual mechanisation and electrification of agriculture in line with the country's industrialisation."

In view of the need to mechanise farming, the Maoists have demanded that industry should supply it with the means of production at low prices, so taking some account of the objective connections between the centrally and the locally run spheres. This can do nothing, however, to prevent agriculture from falling back still further, because in "relying on their own strength" the communes are very slow to build up the resources they need for mechanisation. This will be seen, for instance, from a comparison between gross production in industry and agriculture in 1952 and 1966 (thous million yuans):

	1952	1966	Increase (per cent)
Agriculture	48.39	60	25
Industry	34.33	135-140	300

Finally, the locally run sectors have to build up stocks and ensure that the individual territories are self-sufficient in every way, so that in the event of war or natural disaster each could rely solely upon its own resources and also be a source of supply for other areas. In concentrating on in-

dependent local industrial systems, the Maoists have chosen a patently ineffectual economic way. The issue of *Hungchi* quoted above says: "If the plan were based on the law of value, the districts, provinces and cities would be unable, in the light of the need to prepare for war, to build up any industrial system." This means that industrial systems of this kind require additional outlays which are not recouped in economic terms. But Mao Tse-tung and his followers are prepared to put this burden upon the national economy provided they realise their militarisation plans and strengthen their own rule.

Another fact showing that independent industrial units are being set up by way of preparing for war is that factories are required to be ready to switch from civilian to military production at a moment's notice.

All that is convincing proof that the locally run economic sphere has a fairly important role to play in the Maoist concept. In 1970, measures were taken to press ahead with its development, so that the share of small enterprises in overall production in, say, nitrogenous fertilisers was up from 12 per cent in 1965 to 43 per cent in 1971. Large and medium-size plants producing nitrogenous fertilisers have, on the contrary, reduced rather than increased their output over the past five years. This invites the conclusion that with lop-sided emphasis on the centrally run sphere, capital investments in that sphere itself are being further concentrated in the sectors that are most closely linked with arms production or are quicker than the rest to accumulate the necessary capital.

The Chinese leaders' economic policy rests on the "walk on two feet" slogan, which says that "while working for the priority development of heavy industry, it is necessary simultaneously to develop both industry and agriculture, and the light and heavy industries, and to make use of centralised administration, all-round planning, division of labour, and co-operation, and simultaneously to develop both the locally and the centrally run industries, large, medium-size and also small enterprises, and foreign and national production methods."

The slogan confirms our thesis that the Maoists have in fact divided the national economy into two spheres, which

they seek to develop by different methods. Their differentiated economic policy is aimed to overcome the contradiction between the initially weak economic basis and their proclaimed goal of rapidly turning China into a powerful country with a modern industry, agriculture, armed forces, science and technology. By splitting the economy in this artificial manner, the Chinese leaders have in fact gone against the economic laws of socialist development, embarking on a policy to militarise the whole national economy.

One should, however, bear in mind that the Maoists have also taken some notice of various general economic laws, so giving proof of their economic pragmatism. That is why one cannot rule out the possibility that over the next few years China could well boost its production, especially in industry. Besides, the present line could also be adjusted in various ways on the basis and within the framework of "Mao-Tse-tung thought", even to the extent of some material concessions to the working people.

The Chinese leaders have already sought to ease the contradictions which are an objective result of uneven development in the two spheres. Here are their guidelines for small-scale industries: "Use foreign machinery wherever possible and our own machinery wherever not; go over from our own to foreign machinery; combine our own and foreign machinery. Use large-scale equipment wherever possible and small-scale wherever not; go over from small (enterprises) to large ones; (develop) first simple and then complex enterprises." Another slogan with a similar message is "To Devote Attention to Complex Use".

Apart from seeking to accelerate the development of small and medium-scale industry on the basis of local initiatives, the Maoists have also tried to overcome the contradictions between their Great-Power purposes and local interests by demanding stronger centralised rule and scrupulous fulfilment of state targets.

What could be the effects of a sustained line of this kind?

The Maoists have been trying to ensure priority development of heavy industry by increasingly drawing on accumulations in the light industry and agriculture. But grow-

ing deductions in favour of the state tend to slow down the development of agriculture and also to stem that of the light industry, which processes farm produce. Since accumulations are being siphoned off from agriculture, it will have to go on concentrating on grain production for years to come, leaving technical crops and animal farming in the background. Slow growth in agriculture will also hold back any increase in purchasing power among the farmers, whose needs are being met chiefly by the growing local industry. This means that effective demand for the products of large enterprises in the light industry will be curtailed, something that is bound to hold back trade between town and country, and subsequently deepen the disproportions between industry and agriculture, which could eventually lead to an all-round slump in growth rates or force the leaders to give more backing to agriculture.

The numerous small and medium-size enterprises will need more raw materials, electric power, fuels, machinery, spare parts, and so on—a need which cannot be fully met from local resources. Large-scale industry, on the other hand, cannot provide small-scale industry with all the means of production, and this is already making the existing disproportions more acute.

The isolated nature of the fairly independent local units is a brake on the development of production both within the individual areas and the national economy as a whole, for specialisation of production—an important efficiency factor—is confined to very narrow limits. The line to develop local units serves to keep the various regions apart and hinders the development of a national market. It also blocks any further advance towards an organised and conscious working class.

The two-way split of the economy widens the gap between industry and agriculture, industrial workers and peasants and workers in large-scale and small-scale industries. As production and capital investments in large-scale industry are put in top gear and the working people's living standards are levelled out in that sphere as well, there is a growing gap chiefly in the degree of organisation, education and class-consciousness. But despite the Maoists' attempts now and again to substitute farmers for a part of the

factory workers or to rotate the working people in some other manner to prevent the development of the working class into the leading political force, the process is an inexorable one.

That is why the section of the Chinese working class employed in large-scale industry bears the main responsibility for returning the PRC to the socialist road.

THE MAIN STAGES OF ECONOMIC POLICY AND ECONOMIC DEVELOPMENT IN THE PRC

G. V. Astafyev (USSR)

THE PRC'S INDUSTRIAL DEVELOPMENT PROBLEMS IN THE FIRST FIVE-YEAR PERIOD

Chinese Industry Under Imperialism

In analysing China's industrial development, one should always start by considering its economic level, social set-up and economic structure by the time the People's Republic was established. It succeeded to an inheritance shaped over the preceding century or so under the influence of various factors, the most important of these being the semi-subsistence farming, which made for but slow progress towards a domestic market and restricted any capital accumulation in the country; and the unfavourable conditions for the emergence of a modern industry in view of the virtually duty-free import of cheap foreign manufactures.

Capitalist industry normally takes shape in three stages: simple co-operation, manufactory and machine industry, with the latter being built on the firm basis of a well-established market, accumulated capital, skilled labour force and management and rapidly developing production of the means of production. In China, however, national industrial production at the first two stages—simple capitalist co-operation and manufactories—was largely destroyed by the invasion of cheap machine-made goods from abroad, so that China's factory industry did not emerge as a natural outgrowth of the first two stages, but was introduced in an arbitrary manner from above at the expense of the feudal-bureaucratic state, the top bureaucrats and foreign capitalists. It had a specific, semi-colonial structure, and was meant to satisfy the feudal state's military requirements, to produce a narrow range of goods for the foreigners and the upper urban strata, or to make goods for export. Only a very

¹ *Chingchi Yeanchu*, No. 10, 1962.

² *Hungchi*, No. 6, 1970.

small part of its product was intended for the rural market and the handicraft industry, but not as the means of production, but as semi-finished products (yarn) or consumer goods (matches, kerosene, fabrics). All the means of production for modern industry, instruments of labour in particular, were imported from abroad, whereas China only had a metal-repairs industry, servicing transport, shipping and the arms and light industries. As manpower was extremely cheap, the industrial infrastructure was very primitive. The electric-power, raw-material and transport sectors were in a particularly poor state. What is more, this very imperfect industrial structure was most irregular and lop-sided in development and was largely influenced by external, rather than internal factors.

On the eve of the Second World War, factory industry accounted for about 10 per cent of gross industrial production, the manufactories—for 17 per cent and the handicrafts—for 73 per cent (according to other estimates, 65 per cent).

In the factory industry foreign capital amounted to 41.7 per cent, national capital—37.8 per cent, and bureaucratic capital—20.5 per cent. The textile and food sectors accounted for 63 per cent of its total output, and the main branches of the heavy industry—for only 19.5 per cent (according to other estimates, 72 and 28 per cent).

The Second World War effected some changes in the sectoral structure of industry as a result of more rapid development of the heavy and arms industry by Japanese monopoly capital in the North and the North-East and by Kuomintang bureaucratic capital in the South-East. In the civil war that followed, however, these sectors were virtually devastated.

By 1949, industry and its structure were in a much worse state than in 1936, with the bulk of the population's needs being satisfied through semi-subsistence handicraft production and peasant cottage trades. Out of a total industrial commodity production of 14,000 million yuans, modern industry (which, according to Chinese statistics, included enterprises with mechanical drives or thirty or more workers) accounted for 57 per cent, small manufactories (employing under 30 workers, with 70 per cent of the total employing under 10 workers)—for 20 per cent, and petty-commodity

handicraft production—for 23 per cent or even, according to other estimates, 32 per cent. If account is also taken of the peasant cottage trades, which had an estimated output of 7-8,000 million yuans, the share of so-called modern industry will be down to 35 per cent, with 65 per cent being turned out by manufactories, peasants and handicraftsmen. There are figures to confirm these estimates, which show that only 3 million workers were employed at modern and manufactory outfits, 6 million—in the handicrafts and 8 million—in the peasant cottage trades. Only 587 of the 126,800 enterprises employed over 500 workers.

In 1949, the sectoral structure of industry was marked by a prevalence of light and handicraft industry: respectively, 36 and 32 per cent of total industrial production. The electric power, metallurgical, chemical and oil industries provided only 5 per cent of total output in heavy industry, whereas the coal (11 per cent) and metalworking (9 per cent) industries did not work directly for production but mostly catered for transport, the communal services and repairs.

In 1949, fixed assets in industry were estimated (their original value) at only 12,800 million yuans, with a considerable part of these being immobilised.

In 1949, the social structure of industry was marked by an overwhelming prevalence of private capitalist production (48.7 per cent of gross output) and handicraft production (23 per cent) over state, mixed and co-operative enterprises (28.3 per cent).

In other words, in 1949 Chinese industry still retained most of its old sectoral and part of its social structure.

The PRC's Industry in the Rehabilitation Period (1949-52)

Despite the massive capital investment and the growth of fixed assets in industry, the rehabilitation period did little to change the industrial structure of the RPC. Over that period, capital investment in the economy at large totalled 7,840 million yuans, with 40 per cent of the total going into industry. The bulk of these (83 per cent) went to restore and reconstruct old enterprises, and only 17 per cent—to

build new plants and factories. By 1953, fixed assets in industry had gone up by 3,000 million yuans, to 15,800 million. These, however, consisted of worn and outdated equipment, so that depreciation had pushed down their value to 10,000 million yuans. In 1952, industry had about 100,000 machine-tools, largely primitive and mechanical-driven, having been in operation for an average of from 20 to 30 years, which meant deterioration and obsolescence. The metallurgical industry did not have a single blast-furnace with a volume of more than 800 cubic metres, and 24 of its 34 operational furnaces totalling 5,179 cubic metres had a volume of less than 100 cubic metres; only two of the 26 open-hearth furnaces totalling 726 square metres had a hearth of more than 50 square metres. The technical performance of this kind of equipment was very poor. Other industries were in a similar state.

In 1952, manufactories still accounted for 83.5 per cent of all industrial enterprises, and only 16.5 per cent ranked among the so-called modern enterprises. The handicrafts and domestic peasant trades were still very prominent in production (Table 1).

Table 1

Industrial Enterprises Ranged According to Socio-Economic Sectors
and
Type of Production (1952*)

Type	Modern	Manufactory	Number of workers (thous)	Per cent	Gross output (mill yuans)	Per cent
State	8,609	2,062	3,206	24.2	14,258	34.2
Private-capitalist	17,073	132,498	2,057	15.6	10,526	25.2
Co-operative	1,025	5,139	328	2.5	1,109	2.7
Mixed	820	177	248	1.9	1,367	3.3
Handicraft	—	—	7,364	55.8	7,066	16.9
Peasant cottage trades	—	—	—	—	7,370	17.7
Total	27,527	139,876	13,203	100	41,696	100

* *Economic Development of the PRC*, Moscow, 1956, p. 12; *The Economic Situation and Life of the Peoples of Our Country*, Peking, 1957, p. 73.

Here are some figures on the private-capitalist sector in 1953. Of the 150,275 enterprises with 2,251,000 workers, 13,100 million yuans worth of capital, and an output of 13,100 million yuans, 104,776 employed less than ten workers each, whereas of the remaining 45,499 enterprises (which accounted for 68 per cent of the workers, 79 per cent of the capital and 87 per cent of the output in the sector as a whole) only 164 enterprises, or 1.1 per cent, had more than 500 workers.

In the state and mixed sectors, most of the output—about 40 per cent—was being turned out by modern enterprises and the remaining 60 per cent—by small manufactories, handicraft workshops and the peasant cottage trades.

Modern industrial enterprises were now producing slightly more due to the fall-off in handicraft production. The inner structure of industry, however, was virtually the same. Light industry was still producing 37 per cent of the overall output, and the handicrafts and the domestic trades—34.6 per cent, whereas the main branches of the heavy industry—metallurgy, chemicals, oil and electric power—were producing only 7 per cent, and the coal and metalworking industries—24 per cent. This meant that in 1952 the PRC's industrial structure differed very little from that of the old China. Per worker output, though up as compared with 1949 in view of the better use of productive capacities, remained low (yuans):

	1949	1952
State industry	2,630	4,447
Private-capitalist industry	4,273	5,117
Handicrafts	568	959

This low output, however, was many times the figure for agriculture, which was 181 yuans in 1949 and 250 yuans in 1952.

Role of Agriculture and Industry in Reproduction in 1952

In 1952, gross output in agriculture, including the peasant cottage trades, totalled 48,400 million yuans, or 58.5 per cent of the gross product, the rural population at the time being

estimated at roughly 500 million and employment in agriculture at about 200 million. Soviet estimates show that farming provided about 60 per cent of the national income, that is, 36,700 million yuans, 31,300 million of these (85 per cent) making up the consumption fund, and 5,400 million (15 per cent)—the accumulation fund. The bulk of the consumption fund (about 20,000 million) was consumed on the spot, and the rest (more than 11,000 million) took the form of commodities, mainly going into industrial consumer goods like fabrics, matches, kerosene, ritualistic articles and salt. Most of these products were produced by the handicrafts, rather than by modern industry. Part of the accumulation fund went into fertilisers, seed, primitive implements, cattle and land (in 1952, the land reform was still in progress, whereas socialist transformations were yet to begin), so that very little was in fact left for purchasing the means of production turned out by modern industry (1,400 million yuans).

Rural demand for industrial goods was estimated as follows (thous million yuans):

	Output of modern urban industry	Output of urban and rural handicraft industry
Consumer goods . . .	7	5
Means of production .	1.4	2
Total rural demand for industrial goods . .	8.4	7

These figures show that of the purchased goods produced by modern industry the countryside could only use as little as 8,400 million yuans worth, or less than 25 per cent of the overall consumption fund (more than 30,000 million yuans), with the addition of more than 5,000 million yuans from the accumulation fund, which meant that modern industries, and particularly those producing the means of production, had an extremely narrow market.

Let us now consider the PRC's urban market in 1952. Gross output in urban industry totalled roughly 34,000 million yuans, 10,000 million of these going to compensate the inputs, 20,000 million of the remaining net product—into consumption, and 4,000 million—into accumulation.

The urban consumption fund comprised outlays on administration and defence, taking the form of wages to personnel employed in the state apparatus and the army—a total of about 3,000 million yuans. The fund also included wages to workers and employees in the national economy—6,000 million yuans, the incomes of the small urban bourgeoisie (handicraftsmen), workers in traditional transport, the fisheries and salt mines—6,000 million, and the net profit of the national bourgeoisie—1,000 million yuans a year.

The overall earnings of all the categories of the population listed above amount to 16,000 million yuans a year. A study of worker family budgets shows that about 50 per cent goes into food, and the rest—into consumer goods and the utilities.

The urban areas were able to consume 6,300 million yuans' worth of raw materials to be used in production and the means of labour to replace worn-out equipment, and 8,000 million yuans' worth of consumer goods to maintain the various urban classes.

Here is the overall distribution of gross industrial production in 1952 (thous million yuans):

	Means of production	Consumer goods	Total
Countryside	1.4	7.0	8.4
Urban areas	6.3	8.0	14.3
Replacement of inputs	6.7	—	6.7
Accumulation	3.5	1.5	5.0
Total	17.9	16.5	34.4

Thus, the urban areas supplied the countryside with 8,400 million yuans' worth of industrial goods in return for 8,000 million yuans' worth of foodstuffs.

The Party's General Line on Industrialisation in the Transition Period

By 1952, China's industrial backwardness had become the main obstacle to economic development, hindering both the

advance of the productive forces and the transformation of the forms of property.

Industrialisation, accelerated industrial development, which had once been only a plank in the programme of the Chinese revolutionary democrats and Communists, now acquired top priority.

The nationwide victory of the people's revolution, the total rout of the counter-revolutionaries, the people's takeover and the failure of the imperialist attempts to frustrate the Republic's peaceful construction through the war in Korea had laid a favourable political groundwork for transition to full-scale economic construction.

The fraternal support of the USSR and other socialist countries, which gave China financial and economic assistance (gratis or on easy credit terms) by delivering equipment, designing enterprises, handing over technical know-how, dispatching specialists and training skilled workers and engineers, had enabled China to launch its industrial construction at an advanced level, bypassing the intermediate stages of industrial development, and to some extent to disregard the volume of expenditure and market capacity. This opened up a favourable prospect, allowing China to overcome its industrial backwardness in a historically short period.

The Theses on the general line, adopted by the CPC Central Committee in December 1953, said: "Upon the victory of the revolution, the main task facing our Party and the whole people is to . . . turn this economically backward, poor agrarian country into a mighty socialist industrial power."¹ Socialist industrialisation and the building-up of large-scale modern industry were the chief ways to attain this goal.

The Party's general line for the transition period, however, did not regard priority development of heavy industry as an end in itself. Building up a heavy industry is the only way to provide equipment for the whole of industry, transport and farming. The general line devoted much attention to the light industry, farming and the handicrafts as a source of accumulation for industrialisation and a market for the heavy industry.

Having pointed out that "the heavy industry requires

massive outlays, while its profits are fairly small and slow in coming", the Theses said that there was need chiefly to rely on the internal accumulations in the national economy, industry above all. Much importance here attached to accumulation both in the state and the private-capitalist industry, which produced mostly consumer goods.

In agriculture, the task was "to produce yet more grain and industrial raw materials. . . . To help the farmers develop agricultural production, promote mutual assistance in work and co-operation in farming and raise the farmers' living standards". The Theses emphasised that any underestimation of agriculture would have a slowing effect on industrial development.

In view of the importance attaching to the handicrafts in the national economy and in providing the population with consumer goods, and the consequent need and possibility for their development, the Theses also said that "even under socialism, the handicraft industry will continue to be a necessary aid for mechanised industry".

These statements show that while advancing development of the heavy industry as the priority task, the general line also maintained the need for balanced development on the basis of the heavy industry of all the economic sectors, so as to prepare the ground for further boosting the heavy industry and to create a market for the means of production. "Concentration on the development of the heavy industry should, naturally, go hand in hand with balanced development of transport, the light industry, farming, trade, culture and education. Lack of appropriate development in all the sectors would not only make it impossible to improve the people's livelihood or satisfy their numerous needs, but also to develop the heavy industry or carry out the country's industrialisation." The general line set the task of maintaining balanced development in all the sectors of the national economy through the priority development of the heavy industry, so improving the people's livelihood.

The task was being tackled in accordance with the basic economic law of socialism. The Theses devoted much attention to reshaping the whole economy—industry, transport and farming—on modern technical lines; using the existing industrial base not merely for turning out goods but for

accumulating funds and providing equipment, skilled manpower and funds for capital construction; developing agricultural production, notably, increasing grain deliveries and raw material supplies to industry, and producing farming implements, machinery and chemical fertilisers, so as to provide a firm economic basis for the political alliance between the workers and the peasants; developing the light and handicraft industry as a reserve and support for the modern factory industry in the output of the prime necessities; and, for some time to come, using capitalist enterprises to provide the population with industrial goods, ensure employment and increase accumulation for the country's industrialisation.

Correlation Between the Growth of the Productive Forces and Socialist Change

The general line assumed that socialist industrialisation in China was inseparable from socialist change in the capitalist and the petty-commodity sectors, this being the essence of the transition period. "The tasks of developing socialist industry and carrying out socialist reform are closely bound up together and inseparable from each other, because, on the one hand, socialist industry is the *material basis for socialist change throughout the national economy*, and, on the other, if no socialist change is carried out in capitalist industry and trade, individual farming and the handicrafts and these are left to develop on the *laissez-faire* principle, they will not merely be unable to provide *due backing for socialist industry*, but are bound to run into contradiction with socialist industrialisation."² Here, the general line fully agrees with the proposition—a proposition borne out by earlier experience, in the USSR in particular—that socialist change in other sectors should be based on the advanced technology being created in the advanced socialist industry as a material basis for socialism. The Chinese Communists wrote at the time: "Only once a new industry is built up will it be possible to restructure the country's economy on technical lines and provide a highly advanced technical foundation for the country's industry, transport and farming."³

Socialist industrialisation and socialist change were to have been gradual and run parallel to each other, reinforcing and stimulating each other until the victory of socialism was complete.

The general line laid down an adequate, 15-year term for the achievement of this goal, in the course of which China was to have become an industrial-agrarian socialist state.

With respect to the productive forces, the general line said that priority development of socialist heavy industry should be combined with the proportional development of all the economic sectors. The gradual socialist restructuring of farming, the capitalist (mostly small-scale) industry and the handicrafts, and the consequent pickup in the development of their productive forces was to provide a large market for socialist industry and accumulations for industrialisation. To rechannel material and financial resources, the heavy industry was to supply other sectors of the national economy with the means of production, instruments of labour, raw materials, fuel and power, semi-finished products and means of transport, while the latter were to supply heavy industry with their own products.

That was the way to ensure the economic link-up between town and country, and also between large-scale socialist industry and small-scale co-operative and individual industry. Accumulations were to be redistributed through an appropriate market price policy: low prices were to be fixed for the products turned out by the heavy industry and farming, and higher prices—for those of small-scale co-operative industry. In pointing out the interdependence between socialist industrialisation and socialist reform, the general line emphasised that if socialism was fully to win out in the countryside, there was need to establish an adequate material basis. It said: "To help agriculture score a full and final victory in socialist change, and to undermine the positions of capitalism in the countryside, the most important thing is to equip agriculture with new machinery."⁴ That provision, however, did not apply to the early forms of co-operation, but to its higher forms, in the period when producer co-operatives were being established.

Since all the branches of the national economy (with the exception of state industry) were equipped with extremely

primitive machinery by no means adequate to socialism, the Theses did not make the establishment of the simpler co-operatives (that is, the launching of socialist change) contingent on the existence of a socialist material basis. Under the general line, the two processes were to have run parallel and stimulated each other. As socialist industrialisation advanced and created the material basis of socialism, the lower forms of socialist relations of production were gradually to have developed into higher forms, so that by the end of the 15-year term, that is, by 1967, the two processes—completion of socialist industrialisation and establishment of the material basis of socialism, and completion of socialist change and transformation of all socialist relations of production into one form of property—were to have brought about the complete victory of socialism in China.

The First Five-Year Economic Development Plan and Its Fulfilment

Under the First Five-Year Plan, 76,600 million yuans were to be invested in the national economy, 40.9 per cent of these going into industry and 8 per cent—into agriculture. Industrial production was to have gone up from 27,000 million to 53,600 million yuans, that is, by 98 per cent, with the annual increase in gross output averaging 14.7 per cent.⁵

The plan centred on the heavy industry, the measured and agreed development of its extracting and manufacturing sectors, especially the fuel, electric power, iron ore, metallurgical, chemical and engineering industries.

With that aim in view, the plan laid down growth rates for the various sectors, allocated capital investment among them and decided on the proportion of enterprises to be reconstructed and built anew, on a more balanced location of the new enterprises across the country, and an introduction of economically grounded specialisation and co-operation involving various sectors and enterprises.

The First Five-Year Plan provided for a marked increase in labour productivity and a corresponding rise in the wages of workers and employees and also of the farmers' purchasing power. The latter goal could only be achieved provided farming and the auxiliary peasant trades increased their

production, and prices for industrial goods and farm produce were altered in favour of the countryside. The plan's specific feature was that it provided for more rapid growth in modern industry (as compared with that in the rest of the economy). Its successful implementation would have meant the establishment of a primary basis for industrialisation, a reliable basis for the country's further progress towards laying the material foundations of socialism.

Its implementation, however, was marked by a tendency to force the pace of industrial development, a tendency fueled by Mao Tse-tung's nationalistic aspirations. It aimed at the utmost development of the heavy industry, engineering in particular, at the expense of other sectors, and was most pronounced in 1956, when the increase in industrial output was pushed up to 40 per cent, and in engineering—even to 60 per cent.

Under the First Five-Year Plan, construction of 694 extra-large⁶ and 2,300 small enterprises was to be started in industry, but the actual figures were 921 and more than 9,000, including 1,921 metal-working plants, 832 building materials, 637 chemical, 600 coal, 599 electric power and 312 ferrous-metallurgy enterprises.

The First Five-Year Plan provided for a sharp increase in the output of the key industrial products. As a result, the share of industrial investments in total investments in the national economy went up from 35.5 per cent in 1953 to 52 per cent in 1957. Over the five years, investments in industry came to 25,000 million yuans, or 45.5 per cent of total investments in the national economy, as compared with 40.9 per cent under the plan.

In the first five-year period, the structure of industrial investments was marked above all by a vast preponderance of investments in the heavy industry (85 per cent of all investments). Here, investments were made not only in the basic industries which ensured further development—fuel and power (28.6 per cent), metallurgy (18.6 per cent), chemical coking (5 per cent), construction, including the timber industry (5 per cent)—but also manufacturing, primarily metalworking (15.4 per cent). The whole of the light industry received 15 per cent of the investments (including textile—6.4 per cent and food—3.7 per cent). This was reflected

in the growth of fixed assets in the corresponding industries and an increase in their share in the value of the gross product.

Investments in agriculture, water conservancy and forestry came to 7.6 per cent as compared with 8.1 per cent under the plan.⁷ The bulk of the investments in agriculture did not go into the production assets (machinery, farming implements and draught animals), but into buildings and irrigation facilities. State investments in agriculture went mainly into the state farms, where the number of draught animals over the period increased by only 42,000 head, tractors by 8,586, harvesters by 1,254 and trucks by 3,215. The total number of tractors in the country went up by 22,500.⁸

Fixed assets in the national economy started in the first five-year period were valued at 39,000 million yuans, including production assets—32,000 million, of which assets in industry were 19,700 million yuans, or 61 per cent, in transport and communications—7,600 million, or 23.7 per cent, and in agriculture—3,100 million yuans, or 9 per cent. (In the USSR, the increase in fixed assets in production in the first five-year period was 41 per cent in industry and 24 per cent in agriculture).

The mastering of investments in agriculture—3,100 million out of 4,190 million yuans, or 73 per cent—also lagged behind that in industry, where the figure was over 78 per cent. The manufacture of the means of production as a share of gross industrial output in the five-year period went up from 35.6 per cent to 48.4 per cent.⁹

Implementation of the First Five-Year Plan was marked not only by the launching of a great number of projects without an adequate basis, but by a desire to build up far too many branches of the manufacturing industry. Suffice it to say that in engineering the target was to build up all the necessary branches, so that in the rehabilitation period many metal-repairs works had already been converted to various types of engineering works.

During the first five-year period engineering was developed on a particularly sweeping scale. Military projects apart, construction was started on 1,921 metalworking enterprises, including 108 extra-large enterprises, 62 of which were put in operation in full or in part. In 1957, the metal-

working industry had 508 operation enterprises with 734,000 workers, and an output worth 6,500 million yuans, including 331 engineering works with 524,000 workers and an output of 4,500 million yuans.

According to other figures, engineering was producing as much as 6,200 million yuans' worth of goods, that is, more than four times the 1952 level, and was producing complete electric-power equipment (24.3 per cent), heavy metallurgical, mining and crane equipment (17.7 per cent), tractors (6.6 per cent), machine-tools (6.2 per cent), cars (8.5 per cent), shipbuilding equipment (6 per cent), farming machinery (6.1 per cent), and general engineering products (5.2 per cent). According to the First Ministry of Engineering of the PRC, the growth rate in engineering over the five-year period averaged 29 per cent a year.

In the five years, several dozen new branches were established in engineering and the range of products increased by about 5,000. Its self-sufficiency in machinery and equipment went up from 53 per cent in 1952 to 62 per cent in 1957. Almost all the engineering products were produced under licences provided by the USSR and other socialist countries, but one target of the first five-year period was to go over from copying to the output of home-designed machinery. Hence, the establishment of more than 80 research and design organisations and several dozen higher and secondary educational establishments with specialised laboratories enrolling more than 100,000 (1959/60 academic year).

The rates and trends of growth in engineering show very clearly that even in the later years of the first five-year period the PRC leaders were already seeking to establish, with the fraternal countries assistance and largely at their expense, an autarkic industrial-economic system, which would enable Mao Tse-tung to carry out his nationalist schemes quite "independently" and without relying on the socialist community.

But the establishment of a system isolated from other socialist countries and relying solely on the backward agrarian economy with a very low potential for accumulation and the marketing of goods produced in the heavy industry has utterly failed to justify the hopes of the nationalist elements in China's leadership.

Specifics of Accumulation for Industrialisation in the PRC

As the country was unified, most financial and economic operations were centralised under a single fiscal system, all tax revenues were in the hands of the central government, and the property of bureaucratic and foreign capital was nationalised, the people's government gained control over large material and financial resources necessary for the country's economic development.

The agrarian reform freed the peasants from the heavy feudal toll exacted by the landlords, totalling 50 million tons of grain (30 million tons in rent and 20 million tons in exorbitant taxes to the Kuomintang Government).¹⁰ The people's state was now levying a tax of only 15 million tons of grain, which amounted to no more than 6 per cent of all budget revenues in 1952, whereas the remaining 25 million tons required to supply the towns, settlements and the army, and to meet other needs, including supplies to rural areas where crop failures had occurred, came by way of statutory planned procurement. In return the state sold the peasants various industrial goods. Low purchase prices both for foodstuffs and technical crops (cotton, jute, oil-bearing crops, and so on) were another source of accumulation for the state, being realised through the light and food industry in the form of turnover tax.

Profits from nationalised enterprises, formerly owned by bureaucratic and foreign capital, were yet another source of accumulation for the needs of industry. By late 1949, the people's state had already taken over 2,677 enterprises with 743,000 workers. Almost 73 per cent of the workers and 75 per cent of the electric-motor capacities were concentrated at enterprises with over 500 workers.¹¹ Alongside the means of production and raw materials, state industry was also producing many kinds of consumer goods, notably, cotton prints, yarn and foodstuffs. In 1952, it produced 88 per cent of the country's coal, 63 per cent of its yarn, 51 per cent of its fabrics, 47 per cent of its footwear, 52 per cent of its butter, 54 per cent of its flour and 71 per cent of its cigarettes. In 1952, taxes and profits from state enterprises accounted for 58 per cent of all budget revenues.

A third source of state accumulation was the twofold exaction of profits from capitalist industry and trade: taxes and deductions into the state-controlled social accumulation fund. The profits of the capitalists themselves were not to exceed 25 per cent of their overall business profits. Private industry and trade made a profit of more than 3,000 million yuans, 800-900 million of which went to the capitalists. In 1952, various taxes on private-capitalist industry and trade (like commodity, commodity-industrial, and turnover tax) totalled 3,700 million yuans, or 21 per cent of total budget revenues.

The people's power used the three sources of revenue from the major economic sectors, yielding 95 per cent of all budget revenues, to redistribute the national income, in 1952 setting aside 18.2 per cent of the latter (11,100 million out of 61,100 million yuans) for accumulation.

Since most of the national income (59.2 per cent) was produced in agriculture, where the rate of accumulation was very much below average (13 per cent), the overall accumulation rate of 18.2 per cent meant, first, that there was need for a higher rate in other sectors of the national economy, and second, that despite its high relative value the absolute accumulation figure was inadequate for industrialisation.

In these conditions, assistance from the socialist countries, the USSR in the first place, was of major importance for industrialisation in China.

Assistance of the USSR and Other Socialist Countries in the PRC's Economic Construction

China had found it possible to build up a complex modern industrial system against the odds of a backward economy, a narrow market and limited accumulation base during the five-year period owing to all-round assistance from the industrial socialist countries, particularly, the USSR, which had signed a number of economic and credit agreements with the PRC on very easy terms (10-15 year credits at an interest rate of only 1 per cent).

Under a 1950 agreement, the Soviet Union pledged itself to help China rehabilitate, reconstruct and build anew 50 enterprises worth a total of \$300 million. Under agree-

ments signed from 1950 to 1956, the USSR agreed to help China build 211 complete enterprises, construction on 145 of these to be started in the first five-year period. These and other projects being designed with Soviet assistance were to involve 11,000 million yuans' worth of investment, or 44.3 per cent of total industrial appropriations. Indeed, in the first five-year period, the USSR helped to start the construction of 156 enterprises and shops, among these 12 coal, 29 electric power, 17 metallurgical, 8 petrochemical, 26 metalworking, 1 paper-making, 1 textile and 1 food projects. By the end of the period, 68 of these had been started (56 fully and 12 in part), instead of the target figure of 45.

In 1958 and 1959, the Soviet Union agreed to the PRC Government's request to design and deliver, from 1959 to 1967, 125 major enterprises to a cost of 5,000 million rubles.¹² Most of these, like the Tsuehfan, Yitu and Hsichang metallurgical combines with productive capacities of more than 4 million tons of steel a year, were unique. The Sanhsia hydroelectric power station was to have had the world's first Soviet-designed 500,000 kw turbo-generators. By 1967, the final year of the third five-year period, industrial capacities to be launched with Soviet assistance were to have totalled 28.7 million tons for pig iron, 30 million tons for steel, 25 million tons for rolled metals, 11.2 million kw for electric power, 106 million tons for coal, 8.8 million tons for refined oil, 738,000 tons for aluminium, 60,000 tons for synthetic rubber, 240,000 tons for heavy machine equipment, 42,000 units for tractors, and 1.5 million tons for chemical fertilisers. In some instances, these capacities would have provided even more than the target production figures for 1967.

But China's Maoist leaders, whose adventurist "great leap forward" plunged the country into economic turmoil and who in 1960 decided to take the line of aggravating their political relations and cutting back their economic links with the USSR, refused to build many of the enterprises provided for under the agreements with the USSR and other socialist countries. Nevertheless, the Soviet Union helped China to build and launch complete enterprises with a capacity of 8.7 million tons of pig iron, 8.4 million tons of steel, 6.5 million tons of rolled metal, 17.2 million tons of coal, 38,000 tons of aluminium, 60,000 tons of heavy engineering goods,

42,000 tractors, 30,000 cars, and so on, and also delivered steam and hydroelectric turbines with a capacity of 1.7 million kw and generators with a capacity of 0.6 million kw.

In the early 1960s, these enterprises were producing a sizable share of China's industrial products: 30 per cent of the pig iron, 40 per cent of the steel, 50 per cent of the rolled metals, 80 per cent of the cars, more than 90 per cent of the tractors, 25 per cent of the electric power and 55 per cent of the hydroturbines. Soviet credits for these enterprises were something like 2,000 million rubles in terms of foreign currency.

Besides delivering complete enterprises, the Soviet Union also sold China on credit and in exchange for other goods large quantities of producer goods, like equipment, machinery, semi-manufactures and raw materials required in industry. According to Soviet foreign-trade figures for 1950-60, out of trade totalling 12,800 million rubles, China imported 6,600 million rubles' worth of goods, which included 1,600 million rubles' worth of complete plant, 1,500 million—of incomplete equipment and machinery, and 600,000—of other means of production. Soviet deliveries included 10,000 metal-cutting lathes, hundreds of units of forge-and-press equipment, cranes and excavators, thousands of steam and diesel electric-power stations, drilling machines, tractors and passenger cars, more than 100,000 trucks, about 3 million tons of rolled ferrous metals, more than 13 million tons of oil products and many other types of machinery, equipment and raw materials.

Besides supplying China with complete plant and equipment on credit, the socialist countries, the USSR in particular, did a great deal of design work for China, handed over many design projects free of charge and helped it in its scientific and technical research, as, for instance, in the peaceful uses of atomic energy.

Thus, from 1954 to 1963, the Soviet Union handed over to China more than 24,000 sets of technical documents, among these 1,400 projects for large enterprises. On the basis of these, the Chinese designed more than 400 large and 159 small and medium-size enterprises, and started turning out hundreds of new lines of products. More than 50 per cent of the output in engineering, 85 per cent of all new machine-

tools in particular, were being made under Soviet licences.

The Soviet Union also helped China to start fabrication of complete plant for electric-power lines, grids, and stations, and for the metallurgical, mining and chemical industries, and also to produce complete machine-tools and forge-and-press equipment for engineering, various plant for locomotive and freight-car plants, shipyards, and so on.

The Soviet Union aimed to have all the projects it had constructed put in operation, but unfortunately, in 1965, the Chinese Government, bent on stoking up the anti-Soviet campaign to show the Chinese people that the economic chaos resulting from the "great leap forward" was due to the Soviet Union, finally refused all Soviet assistance in completing a number of building projects (like the Sanmenhsia hydroelectric power station), so doing much harm to the deployment and launching of China's industrial capacities. Still, no one will deny the fact that a sizable part of China's industrial facilities operating in 1965 and 1966 was built with fraternal Soviet assistance.

The socialist countries were granting large amounts of assistance for rapid economic development with a view to its being used in the common interests of the whole socialist camp, the interests of struggle against imperialism so as to overtake capitalism in economic terms in the shortest possible period, and to consolidate the political and ideological superiority and ensure the final victory of socialism and communism over capitalism.

Subsequent events showed, however, that the nationalist elements in the CPC leadership meant to use the socialist countries' fraternal assistance for a very different purpose, namely, to establish a powerful all-round industrial system aiming at a complete break with the socialist community and capable of providing the material basis for their Great-Power hegemonistic policy.

Disproportions Emerging in the Course of the First Five-Year Period

China's weak economic basis, subject to the constant pressure of a growing population, proved incapable of sustaining the burden of a modern industrial apparatus, which in 1956

was inflated out of all proportion to the possibilities of accumulation and marketing. This, added to the Peking leaders' crash campaign to effect sweeping co-operation in agriculture, the handicrafts and capitalist industry and trade, served to disrupt the weak material and financial basis of modern industry, to deepen the existing economic disproportions and create fresh and major ones.

Here are the main disproportions which had emerged by the end of the first five-year period.

The disproportion between the modern industry and the backward agricultural basis. The Chinese economist Tseng Wen-ching estimated that to boost China's farming to a productivity level that would ensure the normal supply of the population with food and industry with raw materials, it had to be provided with the following modern technical facilities: 1.2-1.5 million tractors, 6 million tons of oil products for the latter, 20 million tons of nitrogenous fertilisers and many million tons of phosphates and potash fertilisers. Another estimate puts the need in mineral fertilisers at 100 million tons.¹³ At the end of the first five-year period, however, China was yet to put out its first tractor, whereas the plan for the second period provided for the launching of only one modern tractor plant with a capacity of 15,000 a year and the building of two small tractor works at Tientsin and Nanchang. By the end of the first period, China had imported less than 25,000 tractors. By 1957, it was producing no more than 630,000 tons of mineral fertilisers, whereas all the new projects put in hand during the first period were to produce less than 1 million tons.

The output of crude oil (natural and synthetic) was only 1.5 million tons, most of that going into industry and transport, as well as 1.5 million tons of imported oil and oil products. Distribution of the output of heavy industry between industry and farming ran on a typical pattern: 86 per cent of all rolled metals went into industry, and 0.1 per cent—into farming; the figures for electric power were 85 and 0.7 per cent, respectively, for machine-tools—70 and 8 per cent, and cement—30 and 10 per cent, respectively. The horse-drawn ploughs and harvesters produced for agriculture often lay idle for lack of draught animals. Without chemical fertilisers and modern machinery, farming was

utterly dependent on the weather, so that during crop failures the state had not only to supply food to the towns, but also to use a large part of its procured food to supply the disaster areas. Bad harvests tended to reduce the tax revenues from farming and the rural population's purchasing power in respect of industrial goods, the main source of accumulation for the state budget.

The disproportion between the capacities of the light industry and its raw material basis. The development of synthetic materials being embryonic, the raw material basis of the light industry was totally dependent on agriculture. During the first five-year period, 86-92 per cent of all the consumer goods were made of farm produce. But since farming itself was very weak, productive capacities in footwear in 1956 were underloaded by 67 per cent, fabrics—47 per cent, paper—29 per cent and cigarettes—80 per cent. The dependence of the light industry on the state of farming was particularly pronounced in the cotton industry (Table 2).

Table 2

Correlation Between the Cotton Crop and Output of Fabrics (per cent over the preceding year)

Year	Cotton crop (per cent)	Year	Output of fabrics (per cent)
1952	126	1953	122
1953	90	1954	112
1954	91	1955	87
1955	142	1956	127
1956	95	1957	87

Agriculture's inability to ensure steady raw material supplies for the light industry resulted in sharp annual fluctuations in growth rates, which most clearly brought out the weakness of the country's economic basis. Thus, in 1953 and 1956 (years following upon good harvests), industrial production increased by 30.3 and 24.8 per cent, whereas in 1955 and 1957 (years following upon crop failures), it was up by only 5.3 and 11 per cent respectively.

Declining growth rates in the light industry also had an effect on the heavy industry, which depended on revenues

from the former and supplied it with part of its product.

The disproportion between the extracting and manufacturing sectors. The weakness of industry's economic basis made itself felt in the lag not only of agriculture, but also of the extractive branches of the heavy industry, even despite the relatively high level of investment in these branches. The lag was evident in the iron ore, coal and oil industries, which, in the later years of the first five-year period, proved incapable of providing adequate raw materials (iron ore, coke and additives) and semi-manufactures (rolled metals) to metallurgy, engineering and partly to the chemical industry. In 1956, underloading of facilities as a result of raw-material shortages was 72 per cent in the chemical industry and 66 per cent in engineering. In some areas, there was a disproportion between electric-power requirements and power station capacities. All these disproportions sprang from the inordinate growth rates in the manufacturing sectors, arising from a desire to make industry self-sufficient.

The disproportion between modern complex equipment at the new enterprises and the low skills of the workers, engineers and technicians. The new enterprises being built with the assistance of the USSR and other socialist countries were being continuously equipped with complex machinery and technology, which had to be operated by workers with grade 6 or 7 skills on average, but of these there were only a few. Of the 4,200,000 workers recruited to work in industry from 1949 to 1957, only 1,390,000 had previously worked at industrial enterprises, whereas the rest came from the army (190,000), the schools (980,000), the countryside (1,010,000) and the non-working-class urban sections.

Workers were usually trained at the enterprises, individually and through apprentice teams, whereas technical-producer schools trained no more than 300,000 workers, or under 5 per cent. In 1957, over 57 per cent of all workers had an industrial record of under seven years, and 30 per cent—under four years. About 26 per cent of the workers were illiterate, and 62 per cent had a primary education. Under the 8-grade skill set-up, it was maintained that workers at the old enterprises had skills averaging grades 5 or 6, and at the new ones—grade 4, but the actual standards were much lower, for in 1957 industrial wages

together with bonuses and extras averaged 637 yuans a year, or 53 yuans a month, whereas a grade 4 worker had to receive a basic wage of 56 yuans.

The situation with respect to engineers and technicians was even worse. Here is a table to show the increase in the number of engineers and technicians and their skills (according to the PRC's State Planning Committee):

Table 3

Qualifications of Engineers and Technicians

Specialists	1949		1952		1957	
	1,000 persons	per cent	1,000 persons	per cent	1,000 persons	per cent
With a higher education . . .	40	31.7	48	22.6	110	13.8
With a secondary education . . .	36	28.6	44	20.8	180	22.4
Practitioners without education	50	39.7	120	56.6	510	63.8
Total	126	100	212	100	800	100

During the first five-year period, the socialist countries helped China to launch a scheme to train engineers with a higher education and technicians in 40 technical higher educational establishments in 131 lines, which made it possible to increase the number of students from 66,000 to 160,000 and to graduate 90,000 engineers by the end of 1957. Another 7,500 students were being trained in the Soviet Union, 2,000 of these completing the whole course. In 1952, special secondary technical schools had 110,000 students and by 1957 the figure had gone up to 259,000.

The shortage of skilled workers, engineers and technicians tended to delay the launching of new productive capacities and made for low returns on the existing assets. In the five-year period, fixed assets in production increased by 126 per cent, whereas production in the modern industries was up by only 140 per cent. In 1957, fixed assets in industry totalled 33,800 million yuans, whereas gross output in the modern

industries was 55,600 million yuans, which meant an annual return of only 1.64 yuan per yuan of operational investment.

At the end of the first five-year period, machine-tools were running at full capacity less than 60 per cent of the working time. The output per metal-cutting lathe, though going up from 12.6 tons in 1953 to 26.6 tons in 1957, was still no more than a quarter of the average output in the Soviet Union. The output per square metre of shop-floor area was only 60 per cent of that in the Soviet Union. Spoilage in foundry shops was 11-14 per cent, in steel smelting—7-10 per cent and in machining—2.5-5 per cent. Idle time in engineering amounted to 22.5 million machine-tool hours a year.

The disproportion between the faster growing urban population and job openings under the priority development of the heavy industry. Over the five years, the country's population increased by more than 65 million, the urban population going up by 20 million, both from natural growth and influx from the countryside. Total employment in all the sectors of the national economy, except agriculture, increased by less than 3 million, and in material production remained almost unchanged. The number of production workers in modern industry was up from 3.77 million to only 5.57 million. The uneven pattern of population and employment growth were due, on the one hand, to the much too rapid socialist change in capitalist industry and the handicrafts and the marked growth of the administrative apparatus, and on the other, to the specifics of the country's industrial development.

The growth of employment in industry lagged far behind the growth in production. In the modern and manufactory industry, the latter was 140.7 per cent and the former only 48 per cent, employment going up from 5.3 million to 7.9 million.

The low increase in employment in that sector, which accounted for 67.8 per cent of the overall increase in production throughout the national economy, was due to the fact that during the first five-year period investment was mostly channelled into the more capital-intensive and highly productive industries. But rapid growth in basic production

assets in these industries slowed down the increase in the number of vacancies, because upon the construction of large enterprises the share of living labour tends to go down steeply owing to the rise in the share of past transferred labour embodied in the complex machinery, equipment and other modern instruments of labour.

Industry and the Market in 1957

During the first five-year period, the gross product and the national income grew chiefly as a result of the rise in industrial production, whereas in agriculture the increase in the gross and net product was fairly small (Table 4).

Table 4

Gross Product and National Income in Industry and Agriculture (thous mill yuans)

	Value of gross product			National income		
	Industry	Agriculture	Total	Industry	Agriculture	Total
1952	34.33	48.39	82.72	24.4	36.7	61.1
1957	78.39	60.85	138.74	47.9	45.6	93.5
Absolute increase . . .	44.06	11.96	56.02	23.5	8.9	32.4

Of the absolute increase in the gross and net product, 78 and 72.5 per cent, respectively, came from industry, and 22 and 27.5 per cent—from agriculture.

The accumulation fund in the countryside, though going up in absolute terms by 1,500 million yuans, remained the same in relative terms—15.6 per cent. In industry, on the other hand, the accumulation fund trebled from 5,000 million to 15,100 million yuans, and in relative terms was up from 20 to 31.5 per cent.

The accumulation fund, 17,400 million yuans of which went into production, was chiefly used for investment in the national economy, direct investment in 1957 totalling 12,600 million yuans; 1,200 million of that went into agriculture, and 7,500 million—into industry.

Here is how the net product turned out by industry and agriculture in 1957 was distributed between accumulation and consumption (Table 5).

Table 5

Distribution of Net Product

	Industry		Agriculture		Overall national income	
	Thous mill yuans	Per cent	Thous mill yuans	Per cent	Thous mill yuans	Per cent
Consumption fund	32.8	68.5	38.4	84.4	71.2	76.3
Accumulation fund	15.1	31.5	7.1	15.6	22.2	23.7

The 71,200 million consumption fund was distributed as follows (000 mill yuans):

	Urban production	Rural production	Total
Defence and administration . . .	2.0	1.3	3.3
Rural consumption in kind	—	20.5	20.5
Commodity supplies to the cities .	13.1	13.0	26.1
Commodity supplies to the countryside	12.0	9.3	21.3

The net product in industry consisted of the means of production worth 24,000 million yuans and the articles of consumption worth 33,000 million yuans; together with the 21,000 million yuans going to compensate for the material inputs, this gave a gross industrial product of 78,000 million yuans.

The latter (leaving out the arms spending, exports and reserves) was distributed roughly as follows (thous mill yuans):

Means of production	
compensation of material inputs	22
raw materials and depreciation	10
investment	10
Articles of consumption	
urban demand	15
rural demand	13

These figures show that while the countryside was consuming 41,800 million yuans' worth of products, industrial goods amounted to only 13,000 million yuans (goods produced by the rural handicraft industry and the domestic trades amounted to 8,300 million yuans). This meant that the countryside was still a very narrow market for modern industry, the means of production in particular.

Estimates show that at the end of the first five-year period modern industry in China still had a narrow domestic market, with most of its output being consumed in industry itself. Together with compensation of inputs, internal industrial consumption came to 42,000 million yuans, or 54 per cent of industrial production as a whole, whereas consumer demand accounted for less than 35 per cent, the share of the countryside being only 15 per cent.

It would have been fairly easy to redress the disproportions listed above, for these were largely an expression of the difficulties of building up a modern industry in a backward agrarian country. By consistently implementing the general line through the correct use of the advantages of the socialist mode of production (like the principles of centralised administration, the law of balanced and proportional development, the principle of material incentives combined with moral stimuli, the principle of the division of labour and co-operation both within the country and the socialist system, and the rational location of industry), the Chinese people, helped along by the socialist countries, could have laid a sound material and financial basis for socialist industrialisation. This required rapid development in agriculture, and the light and handicraft industries, which could have been possible had productive capacities in the heavy industry been aimed to reconstruct their backward material basis on modern technical lines. True, this would have called for appropriate changes in the sharing out of the accumulation fund and for more investment in these sectors, which would have served to accelerate their growth rates while holding back to some extent those in the heavy industry and allowing for the necessary changes in the proportions within and between the latter's sectors. Changes of this kind were in

complete agreement with the Party's general line for the transition period and made it possible to redress the above-listed disproportions, which had come to light in the course of the first five-year period.

Thus, in 1956, the basic provisions were drafted for the 1956-67 plan for the development of agriculture, which provided for a marked rise in investment in crop growing, an increase in the area of farmland, a broad irrigation programme and an increase in irrigated areas, use of mineral fertilisers and high-quality seeds and an increase in the output and use of modern farming implements. In 1957, the plan was extended still further.

The First Session of the Eighth National Congress of the CPC in 1956 adopted a decision to raise the growth rate in agriculture to stop it from lagging behind and realise the 12-year plan, and laid down the line for a simultaneous development of industry and agriculture on the basis of priority development in the heavy industry. The share of capital investment in agriculture was accordingly increased from 7.6 per cent in the first five-year period to 10 per cent in the second. It was also decided to review the structure of the heavy industry so as to ensure the development of the sectors servicing agriculture and the light industry, particularly the output of mineral fertilisers, agricultural engineering, and the manufacture of synthetic fibre, and also the production of more electric power, coal, oil and metal. The Second Five-Year Plan also provided for co-ordinated development of large-scale and small-scale industry so as to turn the latter, like agriculture, into both a market and a source of accumulation for the heavy industry, and at the same time to satisfy the needs of agriculture in small modernised implements and mechanisms and consumer goods. There was also to be more rapid development in the light industry through greater supply of agricultural and synthetic raw materials.

The primary basis of industrialisation—the major branches of the heavy industry built up in the first five-year period with the help of the USSR and other socialist countries—made it possible to fulfil the tasks of strengthening the material and financial foundations of socialist industrialisation and achieve the great goals of socialist construction in

China as mapped out by the general line for the transition period.

But Mao Tse-tung did not want the decisions of the First Session of the Eighth Congress to be implemented, for he saw these as a threat to his own plan for China's headlong economic development to secure leadership among the socialist countries and to thrust upon them his own petty-bourgeois views in the political, ideological and economic spheres. Maoists feared that building the material and technical foundation of socialism on the basis of the time-tested regularities of socialist construction with emphasis on the heavy industry would mean a strengthening of the working class's leading role, its alliance with the peasantry and its fraternal ties and close co-operation with the peoples of the USSR and other socialist countries.

In pursuing his hegemonistic line for China's economic development, Mao Tse-tung did not seek to rely on the working class, but on the co-operated peasants and handicraftsmen, and also on the national bourgeoisie, which was given a handout in the form of a 5-per-cent interest rate on its investments in the mixed enterprises. Counting on the support of these sections, he came up with a maximalist economic programme which provided for stepped-up development of all the main branches of the heavy industry and, moreover, for burdening the country with "super-industrialisation" based on the involvement in industrial construction of millions of unskilled farmers and urban dwellers who had been forced into the so-called people's communes—giant semi-subsistence producer complexes combining production and circulation (industry, farming, trade and financial activities) with elements of the local social superstructure (management, education and military training). These territorial producer complexes based on enforcement, paramilitary manual labour, medieval implements, primitive production methods and egalitarian distribution, were made out to be a model of communist social organisation and Mao Tse-tung's "great contribution" to the creation and development of a new social system, a system bound to win out in all countries, including the USSR and other fraternal countries, which were said to have bogged down at the

socialist stage and to be moving towards communism at a "slave's pace".

Mao Tse-tung wanted his primitive, egalitarian peasant society, modelled on the Taiping Heavenly Kingdom of Great Peace, to resolve all the contradictions that had emerged in China's economic development during the first five-year period, primarily the contradictions between industry and agriculture and between population pressures and labour productivity growth. He hoped that the 15-year programme of building up a powerful all-round heavy industry could be squeezed into three years, by the end of which he also wanted to have the whole of that industry geared to his goal of establishing primitive small-scale production in the people's communes so as to lay the material groundwork for his communisation idea. This called for a retreat from the Party's general line for the transition period, a line based on the ideas of scientific communism and the working class's leading role in socialist construction, and substituting for it a new economic policy that would make it possible to muster the many millions of peasants and petty urban bourgeoisie for the purposes of "communisation" and "super-industrialisation". Instead of relying on the working class and strengthening its alliance with the peasantry, Mao Tse-tung cut across the economic and political essence of modern socialist industrial society by putting forward his idea to develop agriculture and primitive small-scale production as the economic basis of society, vesting leadership in the peasantry instead of the working class. In doing so, Mao Tse-tung sought to rely on the peasantry's egalitarian ideals, its discontent with its low living standards, which lagged behind those of the workers, and its sheer ignorance of the laws of social development and the principles of organisation and management in modern industrial production. Mao Tse-tung's stand was reactionary and at cross-purposes with socialism, and so required a totally new economic policy. This took the shape of the "three red banners" policy, which virtually denied all the socialist regularities of organisation and management in production (the laws of proportional and balanced development, division of labour and co-operation, rational location of production, centralised management and the development of large-scale

industry as the basis and motive force of the whole economy), and replaced them with idealised primitive subsistence and small-scale production and denied division of labour and co-operation both at home and across national boundaries. The objective laws of socialist production and, for that matter, social production in general were cast aside and replaced with reliance on the masses' vigour, military organisation, the use of force and coercion, that is, subjective factors and voluntarist principles of economic administration through political and ideological channels alone.

¹ *To Fight for the Mobilisation of Every Effort to Turn Our Country into a Great Socialist State. Theses for the Study and Propaganda of the Party's General Line for the Transition Period*, p. 15.

² *Ibid.*, pp. 11-12.

³ *Ibid.*, p. 20.

⁴ *Ibid.*, p. 35.

⁵ *Second Session of the NPC*, Moscow, 1956, pp. 260-79 (in Russian).

⁶ Extra-large enterprises are those requiring outlays (depending on the industry) of from 3-4 million yuans in the light and food industry to 5-10 million yuans in the heavy industry. (*Second Session of the NPC*, Moscow, 1956, pp. 19-20, Notes.)

⁷ *Second Session of the NPC*, p. 260; *Ten Glorious Years*, Peking, 1959, pp. 48-51.

⁸ *Ten Glorious Years*, p. 119.

⁹ *Ibid.*, p. 79.

¹⁰ *Pravda*, April 19, 1957.

¹¹ *Chao Jih-wen, Industry in the New China*, Moscow, 1959, pp. 61-62.

¹² *Jenmin jihpao*, September 25, 1959.

¹³ Tseng Wen-ching, *China's Socialist Industrialisation*, Moscow, 1959, p. 189.

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MAO TSE-TUNG'S SOCIO-ECONOMIC VIEWS

During the "cultural revolution" the Chinese press carried numerous statements and theoretical comment, an analysis of which gives an insight into the actual meaning of the concepts Maoism has "substituted" for Marxism-Leninism on the pretext of its "development", "correction", "specification" or "defence". The atmosphere of bitter, uncompromising struggle in the course of the "cultural revolution" led the Maoists to make some very blunt statements. This was particularly true of the critical year of 1967, when the scales were yet to be tilted one way or another. That was when the three major Chinese periodicals—*Jenmin jihpao*, *Hungchi* and the army paper *Chiehfangchiun pao*—carried an editorial to mark the PRC's 18th anniversary, entitled "Long Live the Victory of the Great Proletarian Cultural Revolution Under the Dictatorship of the Proletariat!". It contained some highly important Maoist conclusions drawn from the PRC's past record and laid down the general political line for the future. The socialist system, it said, had boosted the country's productive forces. Thanks to socialism, "the poor, backward and long-suffering country has soared high, and has now become a mighty and prosperous socialist power". The conclusion was that "the 18-year record shows that Mao Tse-tung thought is the only way to save (sic!) China".

Socialism, therefore, could do nothing to save China, although it had turned the country into a "mighty and prosperous" power: what the country needed was "Mao Tse-tung's thought". Perhaps it was socialism itself that China

had to be saved from? No, it was from bourgeois degeneration, which infested the minds of nearly all the country's working people. Moved by their "innate egoism", these people were simply yearning to degenerate into bourgeois. Thus, the article said, it was neither the Chinese people's victory in 1949, nor the building of a socialist society that should go down in Chinese history as the supreme event, but the "great proletarian cultural revolution", aimed to combat that degeneration.

Mao Tse-tung, who keeps urging the need to learn from and to trust in the masses, does not, in fact, trust them or believe in them himself, doubting their socialist enthusiasm on which he likes to hold forth. He is bent on "painting up" the masses' minds with his own "beautiful pictures". In 1958, he said: "It has always been so in history that the majority followed the minority, because the minority reflected the views of the majority."

Maoist "thought" regards revolution as nothing but overthrow and destruction. Since, it maintains, the revolution does not end but merely begins with the seizure of power by the revolutionaries, it should keep on destroying and breaking up all that has acquired any shape or stability, for otherwise the revolution is at an end. Now wherever the revolution gives out, it is bound to give way to a vacuum, which is then penetrated by the forces of counter-revolution and restoration, the woodworm that immediately starts *eating away at the foundations* of the revolution.

This quasi-revolutionary logic shows a clear lack of understanding of the dialectics of revolution—the main feature of socialist revolution, its chief characteristic—as a process of simultaneous destruction and creation, destruction of the old and creation of the new. The negative and destructive element in socialist revolution prevails only at its initial stage, while power is being seized through the overthrow of the exploiting regime. From that point onward, it marks a new creative effort in every sphere of social life: economics, politics, ideology and culture. Under the dictatorship of the proletariat, the revolution continues and unfolds as a positive effort on the part of the working class and the whole working people, led by the Communist Party, to build a new society. This is the work that destroys all that is old.

In other words, having caught on to one of the basic propositions in Marxism-Leninism, concerning the need to carry on and develop the revolution even after the take-over, that is, after the dictatorship of the proletariat has been established, the Maoists have twisted its essence. Their past experience drove them to believe that revolution largely boiled down to an inevitable struggle against a personified enemy, who had to be pursued and destroyed. The mania-like fear of restoration stemmed from the idea of men's inborn egoism, which was said to be identical with the bourgeois frame of mind. Maoist theorists maintained that as soon as socialist relations of production became fully established in town and country, "capitalism starts to revive hour by hour", there being a constant threat of its restoration from within. This meant, they say, that the revolution (in the Maoist sense of the word) had to be continued even under the dictatorship of the proletariat. This "revolution" was aimed against the alleged vehicles of restoration, men who had gained a foothold in the leadership under the existing regime, and it was the only way to "prevent a restoration of capitalism".

The 1949 revolution freed the Chinese workers and peasants from bourgeois and landowner oppression and exploitation and opened up the possibility for a better life, thus, the Maoist argument went on, placing them among the "contented", i.e., those who did not want to "carry on the revolution" because of their own egoism. The main source of "bourgeois degeneration" and egoism (in the Maoist sense of the word) lay in the revolutionary cadres of the Chinese Communist Party and socialist state, who embodied the regime's gains and stability. In Mao Tse-tung's opinion, that was the reason for their negative attitude to the results of the "great leap forward" and the "people's communes" campaign, and also their activity in the "ordering" period.

Any stability, in Mao Tse-tung's opinion, contains the seeds of inequality, whereas inequality entrenched for a sufficiently long period leads to revisionism. Revisionism, he believes, is nothing but a desire to hold on to the state of welfare already achieved. Hence the need for a shake-up, for a blasting of stability, which is said to be tantamount to

doing away with stagnation and returning to the equality of the revolutionary days.

"Cultural revolution" propaganda called on the working people "to insist on carrying on the revolution after working hours"—a formula whose practical purpose was to protect the economy from "sliding" into chaos. In theoretical terms, it gives a vivid idea of the very primitive nature of the Maoist concept of "revolution" under the dictatorship of the proletariat. Indeed, the formula implies that "to carry on production", that is, to help develop the material and technical basis of socialism and build up the state's economic, technical and other strength in the face of the hostile imperialist surrounding, does not amount to "carrying on the revolution", but is no more than a commonplace, even if necessary activity. But since building up the country's wealth is equivalent to making the people "bourgeois", there is always a need for Maoist-type "revolution" to scrub away the bourgeois sore. Still, production has to be carried on. Hence, the "dialectical" need to balance out production, which holds the threat of bourgeois degeneration, by "carrying on" a Maoist-type permanent "revolution" mainly in the moral and political sphere.

With these preliminary remarks, let us now consider Mao Tse-tung's socio-economic views. Another thing to add is that neither Mao Tse-tung himself, nor any of his closest followers have ever come out with any open or more or less systematic account of these views, something that is, apparently, due to the fact that these views have been shaped during the latest period of Mao Tse-tung's practical and theoretical activity, and also to the pragmatic and empirical approach that is typical of him in matters of theory. On the whole, pragmatism seems to be one of his characteristic features.

A point to emphasise is that Mao Tse-tung's policy aimed to impose his views (on socio-economic and other matters) on the Chinese Communist Party and people has constantly met and continues to meet with very strong resistance from the internationalist forces standing up for their own views and positions. Besides, China's realities, the objective economic situation and the balance of class forces have also tended to frustrate Maoist schemes.

At the time of the people's revolution, Mao Tse-tung's

political platform provided for a coalition government of the democratic classes led by the CPC as representing the Chinese workers and peasants—the two main classes of Chinese society. The Chinese bourgeoisie and bourgeois intelligentsia, regarded as active patriotic and anti-imperialist forces,¹ were also to have not merely a token but a prominent, though subordinate, role.

An analysis of Mao Tse-tung's report to the Seventh Congress of the CPC (April 1945) and the documents of the Second Plenary Session of the Seventh CPC Central Committee (March 1949) shows that at the time he still had no definite economic programme for the development of China and the Chinese revolution after a take-over. He regarded socialism as a distant prospect, an "ultimate ideal of the future, a future of boundless radiance and beauty", insisting that "for a long time to come there will exist in China a particular form of state and political power", namely, a new-democratic state and new-democratic form of power.² To make it quite clear that new democracy was not a form of proletarian dictatorship but was essentially different from the latter, Mao Tse-tung said: "Some people wonder whether the Chinese Communists, once in power, would follow the example of the Russian Communists and establish a proletarian dictatorship and a one-party government. Our answer is that a new-democratic state based on an alliance of several democratic classes is different in principle from a socialist state under proletarian dictatorship. . . . Throughout the stage of new democracy there cannot and therefore should not be in China a system of one-class dictatorship and one-party government."³

The CPC's record shows that far from seeking to make use of the international experience of the working class, Mao Tse-tung did his utmost to prevent it from penetrating and spreading in China. This will be seen from his campaign against the Chinese internationalist-minded Communists and their destruction during the Second World War ("*cheng-feng*" campaign to "correct the style of work", launched in Yen-an in February 1942), and the severing of the CPC's ties with the international communist movement in that period.

The historical background on the eve of the 1949 victory was marked above all by the emergence of the world socialist

system and the growing influence of the USSR and socialist ideas and practice on the Chinese national liberation movement and its vanguard, the CPC. Under the direct impact of that factor, the Second Plenary Session of the CPC Central Committee in March 1949 adopted a decision to shift the emphasis in Party work from country to town, underlined the leading position of the industrial working class in Chinese society and laid down the tasks for building a new China, which were later incorporated in the CPC general line for the transition period officially published in 1953. The political and particularly the economic and social tasks of socialist construction, formulated in the general line, their priority and deadlines for achievement were laid down in accordance with the experience of world socialism and were aimed to ensure a steadily growing political and economic role for the working class in Chinese society.

In dealing with the political and social results of the first five-year period in August 1958, Mao Tse-tung made a very indicative statement when he said that up to 1953, that is, up to the adoption of the general line for the transition period and the start of the First Five-Year Plan, the country had developed correctly, in accordance with "Marxism", but from 1953 to 1958, that is, during the successful fulfilment of the First Five-Year Plan, it had gone wrong and had cut across "Marxism". Mao Tse-tung's "accordance with Marxism" in the course of the country's restructuring up to 1953 did not mean implementation of the "new democracy" programme, but above all the peculiarities of that period which made it akin to the Yen'an system. This is fresh proof that he attached the greatest significance to politics and ideology, rather than to the processes going on within the economic basis.

Mao Tse-tung voiced his dissatisfaction with the first five-year period (1953-57) and said that its drawbacks had resulted from "homebred capitalism" and the socialism that the Chinese had borrowed from "their elder brothers". In saying so, he clearly implied that socialism as built in the USSR had some grave socio-political defects.

He went on to say that it was only a very short period from the time the CPC's "Marxist" line had been distorted (in 1953) and urged resolute abandonment of the line follow-

ed during the first five-year period and transition, or rather return, to the "socialist line" of the earlier period. This meant virtual repudiation of the CPC's general line as erroneous and even bourgeois.

Mao Tse-tung maintained that the "bourgeois essence" of the general line and practice after 1952 had above all been expressed in the introduction of the principle of material incentives in the system of production and social relations, which was being implemented through the introduction of cash wages, ranks and distinctions for functionaries of the state, military and Party apparatus, so producing the alleged danger of social differentiation, and an imaginary loss of contact between the leading cadres and the masses, stemming from the system of ranks and distinctions. He also denounced any *de jure* as well as *de facto* shortening of urban working hours to eight a day, which meant a splitting up of the worker's interests into social interests (on the job) and private interests (after working hours).

To follow the "truly socialist line", in agreement with "genuine Marxism", the whole apparatus and all the working people had to work exclusively "for the sake of revolutionary ideas". Material provision had to be uniform, being carried out under a single system. It had to provide for men's minimal requirements in food, clothing and housing and had to follow the Yen'an model of distribution in kind, which, in Mao Tse-tung's opinion, was more expressive of equality. To have a system of this kind was to follow a communist way of life, a socialist mode of living in contrast to the bourgeois mode. Any supply in excess of the minimal requirements went straight to impair man's moral and even physical health. Mao Tse-tung sought to "prove his idea by saying that as his own living conditions had improved and his comfort had increased, his health had worsened. All the functionaries, from top to bottom, should even have the same outward appearance so as not to differ from "what the people have been used to". Thus, he said, it was quite enough to shave once a month and to have none but the simplest food. A varied diet and too much care for one's person were a part of the bourgeois way of life, which turned all Chinese into "state, party, military or commercial officials", who in

the eyes of the people were no different from the Kuomintang.

On the whole, he took "socialism" to mean a return to the situation in the liberated areas at the time of the war against Japan, during the so-called Yen-an period. He set up the various practices and the whole tenor of life at Yen-an as an ideal, attributing it with the good old patriarchal qualities.

In seeking to revive Yen-an practices or, as Mao Tse-tung put it, "true Marxism" and "socialism", he attached the decisive role to the army, proclaiming it to be the fittest, the ideal object for social experiment and went on to quote Engels, who had said that very many things had their origins in the army. He maintained the army to be society's advanced contingent, so substituting it for the working class. The Party, on the other hand, was virtually identified with the country's administrative-political apparatus.

In advertising the idealised image of social life at Yen-an, Mao Tse-tung claimed that the practices of "military communism" within the administration, the Party and the army in that area had created the necessary setting for rapid growth in production, as well as for maintaining a viable social organism. The example of the leaders' plain and austere life and the reshaping of the country's production structure with the help of the army were bound to have a powerful effect on the working masses, the peasantry in particular, so helping to create conditions for a steep rise in production.

We find, therefore, that Mao Tse-tung has firmly held to his idea that socialism should be imposed on the people through the "model communist life" example set by the Party and the army. That is not to say, of course, that he has paid no attention at all to the development of production, industrialisation, and so on. But he does not believe that socialism (communism) implies a constant introduction of increasingly *sophisticated machinery and techniques*, one of Lenin's constant demands. An interesting thing to note is that during the "cultural revolution" this bifurcation of the technical basis of socialism and its moral, political and ideological foundations was pushed to the extreme of their being regarded as opposites. Thus, *Jenmin jihpao* wrote on Febru-

ary 4, 1968, that Teng Hsiao-ping (the then General Secretary of the CPC Central Committee) sought to convince the people that mechanisation was all powerful and that socialism was impossible without it. This is typical counter-revolutionary fetishism".

The fact that Mao Tse-tung came out with his programme of "socialist construction" on the Yen-an model at a time when the results of the first five-year period had just become evident was due to various factors both in the domestic and the international plane.

The most obvious and important factor was that Mao Tse-tung and his entourage were dissatisfied with the outcome of the five-year period. Production growth rates during so short a period, however high,⁴ could not have brought about any decisive changes in China's economic situation. Since China had started building up its socialist system from an extremely low economic level, these growth rates would, perhaps, have had to be sustained throughout the latter half of the 20th century if China was to create a coherent economic system with a modern industry, farming, science, culture and defence. That was the period pointed out as the only realistic one by many leading state and Party men during the "ordering" that followed the "great leap forward", when Mao Tse-tung's schemes were being given a critical review.

The economic growth during the five-year period did not serve to solve the problem of urban employment. On the contrary, it had become even worse in view of the growing manpower flow from the village to the city, particularly after the social reforms in agriculture had been stepped up in violation of the time-scale laid down by the 12-year plan.

Besides, some errors made in laying down the line for the first five-year period showed up the flimsiness of the agricultural basis, these errors being, apparently, due to an urge to establish a heavy industry regardless of the poor state of agriculture.

Mao Tse-tung's idea was that a resolute swing away from the old line would, on the one hand, ensure conditions for much more rapid progress towards a full-fledged "integral economic system", and on the other, rule out completely any "capitalist" influences.

Mao Tse-tung also pointed out that the Soviet Union had still to eliminate various bourgeois survivals, notably, the "bourgeois-law" system, meaning the use of some prerevolutionary legal categories in Soviet practice. Let us recall in this context that neither Marx nor Lenin, far from "renouncing" some elements of bourgeois law, believed these to be unavoidable and logically necessary under socialism, as the first phase of communist society. Thus, the socialist principle of "from each according to his abilities, to each according to his work" and the material-incentives system it implies are bound to result in some material inequality between men and to deprive them of an equal right to consumption, in which sense they are expressions of "bourgeois law".

But, as Marx, for instance, has shown in detail in *A Critique of the Gotha Programme*, a system of this kind is objectively inevitable, being due to the level of society's productive forces. The founders of scientific communism were decidedly against any attempts, whether in theory or practice, to skip that stage and go over to general material equality before the necessary production level had been reached.

But Mao Tse-tung regarded "bourgeois law" merely as a danger of bourgeois degeneration. He maintained that cash wages and piece rates were bound to isolate the functionaries from the masses and to create and deepen social distinctions and inequality between the working people. The desire to earn more, he said, bred individualism and selfishness, setting the individual against the collective and killing all revolutionary spirit.

The illusory success of the so-called socialist reform in agriculture and capitalist industry and trade, carried out in 1955 and 1956 in defiance of the CPC general line for the transition period and in breach of the targets of the First Five-Year Plan, appeared at first sight to be powerful proof that non-economic methods of socialist construction could well be applied and could yield high results. The failure of the "preliminary leap forward" in 1956, on the other hand, could easily be imputed to resistance from the "Right-wing, bourgeois elements" and other *subjective*, rather than objective economic causes. In these conditions, the Maoists regarded and represented the failure itself as weighty evidence of the idea that a multiplication of the economic growth rate

was being blocked mainly by subjective causes. China's economic and social progress would be ensured of unprecedented scope only provided these subjective factors were eliminated through organisational and ideological struggle. Their elimination was to be secured in the course of the 1957 campaign against the "Right-wingers" and to "correct the style of work". The campaign, Mao Tse-tung claimed, served to "eradicate in the main" "bourgeois law" in China.

Thus, Mao Tse-tung maintained, the way to achieve vast and rapid growth in production was to concentrate on the correct ideology and strictly guided organisation in line with that ideology, rather than on accumulations, proportions or, accordingly, the availability of equipment, skilled workers, executives, engineers and technicians.⁵ The People's Liberation Army, he claimed, had provided repeated and brilliant proof of his propositions.

During the Yen-an period, an important external factor that served to strengthen Mao Tse-tung's line in the CPC leadership was the dissolution in 1943 of the Comintern, which, to quote some Chinese leaders, "was a mere hindrance", and also the falloff in the assistance to the CPC on the part of the international communist movement and the Soviet Union, something that was inevitable during the Second World War, whereas from 1953 onwards the Maoists made use of Stalin's death to strengthen their positions in the CPC leadership. They did their best to use this to reduce the influence of the international communist movement and the CPSU on the CPC and Chinese affairs. But that was not their chief purpose: they merely aimed to create favourable conditions for Mao Tse-tung's attempt to formulate and implement his "special" line.

Since Mao Tse-tung regarded socialist economic construction in China purely as a matter of ideological and organisational struggle, he maintained that the main thing was to work out a "correct ideology" and spread it among the masses, something that could and had to be done through the establishment of paramilitary economic, cultural and other units in the spirit of the People's Liberation Army, the "school of Mao Tse-tung thought". Such, above all, was the reading given to the "All the People Are Soldiers" slogan. In other words, it was a matter of "military" principles in work

and everyday life having an influence on the people's minds. The peasants' military training in homeguard units in the course of the "great leap forward" was not so much aimed to realise the "armed people" ideal, which was given a very different rendering from that of the founders of scientific communism, as to habituate the "masses" to the army routine, which was of paramount importance for Mao Tse-tung for it turned the army (and consequently the paramilitary masses) into an ideal object of "social change".

Before considering Mao Tse-tung's social ideals, let us note that these are fully oriented on the peasantry or rather its broadest sections—the hundreds of millions of poor peasants. He realised full well that the 1955-56 higher-type co-operation did not ease their lot to any marked degree or, official Chinese propaganda notwithstanding, open up prospects for a better life. That was, doubtless, due to the fact that the co-operative sector did not have any appropriate material-technical basis.

Mao Tse-tung explained his urge to rely on the peasantry, rather than on the urban working class, by the fact that, among other things, the latter had a much too complicated wage system, which made for a deep entrenchment of "bourgeois law" and bourgeois influence on men's minds in general. In other words, he thought that the workers were more corrupt in ideological and economic terms and could not take in the ideal of a "sound and simple life" to be ensured through a system of free rationing in kind, a system which also did away with money, that symbol of the bourgeois way of life.

That is why, Mao Tse-tung said, the peasants were more receptive to what he claimed was the truly communist form of life epitomised in the "people's communes". The intelligentsia was even less receptive than the workers to the simple communist life. Its social origins and relatively high earnings, he thought, called for considerable effort and much gradualness in reforming its way of life "on communist lines".

That is to say, the poverty and the lack of any social differentiation among the peasants, or rather the poorest peasants, made them the only class capable of adopting the communist forms of a "poor and healthy life" from the reorganised

apparatus and the army. At the same time, Mao Tse-tung believed, a poor and healthy way of life would create the possibility of social production growth allowing for an equal and simultaneous rise in the material level of all working farmers. There was no need here for haste because for ages the farmers had been used to be content with very little.

But to make their living standards truly equal the demoralising effect of the division of labour had to be done away with at the present stage, that is, from the very start of socialist construction, for, Mao Tse-tung said, the division of labour led to social differentiation, on the one hand, and on the other, tied the working man down for good to a definite occupation, line of production and type of activity.

The fiasco of the "great leap forward" and the discredit this brought on the "people's communes" institution in the countryside were, apparently, taken by Mao Tse-tung as an indication that Chinese society was still unprepared for a radical restructuring on communist (Yenan) lines. Since he thought that communism, the new society, could only be established through an ideological and organisational struggle against the vehicles of counteracting, that is, bourgeois tendencies, he felt it necessary to launch a "proletarian cultural revolution" against the "men in power following the capitalist road". In a characteristic statement to the French Minister, André Malraux, who paid a visit to China in July 1965 on President de Gaulle's behalf, Mao Tse-tung said that "he was alone". The context shows what he meant there was utter lack of understanding for his views, even among his closest associates. The "cultural revolution" struggle made it clear that many high-ranking Party and government leaders did by no means share his view about the causes of the "great leap forward" failure: in contrast to Mao Tse-tung, they attributed the failure of his economic policy to its neglect of the objective laws of socialism and its denial of the leading role of some major economic categories. Thus, upon the failure of the "great leap forward", the main clash developed between two lines—Maoist subjectivism in respect of the country's economic development and the attempt to take account of objective requirements.

In the course of the struggle, Mao Tse-tung gave a fairly consistent account of his socio-economic views: from 1958 to 1965, these had not only remained unchanged but had become even more explicit. During and soon after the "cultural revolution" these were handed down to the leadership as "Chairman Mao's latest instructions", set out in a pretentious aphoristic form.

In setting out Mao Tse-tung's socio-economic views, let us say once again that he has always, apparently, been aware that the bulk of the Chinese people—400-450 million of the poorest peasants—still live in conditions of extreme poverty, not to say indigence. The revolution has as yet done very little to ease their life. The main difference is that poverty has been "averaged out", which means that most peasants have to go on living a hard life, perhaps marginally easier than life before the revolution, and that henceforth to stand out in any way above the average is unjust and counter-revolutionary.

Mao Tse-tung's basic thesis in these conditions boils down to this: *when there is hunger, the urge towards equality becomes as powerful as religious fervour.*

Egalitarian distribution here is inevitable, it is the only possible state of affairs at the lower stages in the development of society's material productive forces, which must and actually do rule out the question of matching remuneration and labour inputs. Where simple, unskilled labour dominates, the average physical equality of individuals is seen to be identical with social equality. Physical "equality", i.e., egalitarianism, thereby tends to blend with class equality.

Any technical complexification (and, consequently, mechanisation) of labour, which springs from the inevitable division of labour in any complex production and tends to produce more inequality between individuals in skill, education and know-how, lays an objective groundwork for the demand for unequal pay for unequal work and tends to erode the egalitarian ideal.

It was, of course, impossible in a short period—say, the first five-year period—to do away with the low level of the productive forces and the stagnant social forms of life in the old countryside, which were due to the specifics of the

social structure of production. The task, as we have seen, was not even formulated. The Mao group, which regarded the underdeveloped, undifferentiated economy of a "Yenan-type" society as the ideal type of "military communism", deliberately sought to preserve this undifferentiated uniformity, for the group and its leader, looking to the great homogeneous mass of very poor peasants, who regarded any urban differentiation stemming from more complex forms of social production as alien, obscure and, hence, hostile, believed that individual inequality, i.e., social differentiation resulting from the division of labour, carried within it the danger of isolation from the peasant masses, the decisive revolutionary force. Thus, in his talk with Malraux on the eve of the "cultural revolution" in 1965 (which Malraux has described in his *Anti-memoirs*), Mao Tse-tung said: "We were able to make better fighters of men reduced to eating bark, than of the Shanghai truck-drivers or even coolies." In this way, Mao Tse-tung deliberately contrasted his view and the Marxist conclusion that the working class, the urban industrial proletariat, is the only consistently revolutionary class. This goes to confirm, among other things, that despite the various amendments in his writings, published in his *Selected Works* in the early 1950s, Mao Tse-tung's views on the status and role of classes in the revolutionary struggle have not undergone any qualitative changes since the late 1920s: he has always been and remains the ideologist and leader of the "peasant revolution".

Another thing to add is that Maoism identifies class differentiation with the differentiation of social production and working producers due to the growing division of labour under technical progress, for he does not distinguish one class from another according to status in social production but according to income, regardless of its source, be it work or exploitation.

Hence Mao Tse-tung's fear of the "stratified" disappearance of poverty—first, say, in the towns and then in the countryside—and this is at the root of his sustained "class struggle under socialism" and the urge to bring all the Chinese together on the basis of their equal material status. The steady and universal growth of prosperity being impossible, the disappearance of poverty—the cementing agent—in some of

society's sections or units, is said to do away with the "urge for change" and so to be counter-revolutionary.

This conclusion also appears to account for the chief foreign-policy line of "Mao Tse-tung thought", which took shape after the failure of the "great leap forward": first to tackle the problem of building a great and powerful China and only then the problems of improving the working people's material standards. The latter is, apparently, to be left until after the worldwide revolutionary tasks are fulfilled. Here, the "peasant revolutionary spirit" of Maoism blends with Chinese Great-Power chauvinism.

In other words, Mao Tse-tung, apparently, wants the people's material condition to improve *evenly for everyone at once*, and so fails to combine the social and the individual element in any way, but regards them as being two opposite poles of a bifurcated whole.

This, however, produces a contradiction which threatens to blow up the whole Maoist model of social development: *modern large-scale and highly mechanised production cannot be developed without differentiated wages and earnings*. Maoism has sought to overcome the contradiction by dividing the economy into two independent sectors. One of these, the mass sector, includes above all farming and local industry, that is, economic units where production can still be carried on along the old technical lines, through the utmost use of living labour.

The other is a highly modern, well-organised sector, which makes use of all the achievements in technology and the division of labour, but which is, however, thoroughly isolated from the masses in social terms. It includes the nuclear-missile and various other military and technically advanced sectors, without whose high scientific and technical level it would be impossible to carry out any modern military-economic development programme.

So long as the distinction exists, Mao Tse-tung believes, the objective causes for "class struggle under socialism" will always remain.

In our opinion, egalitarianism, the claim that poverty is a necessary attribute of the revolutionary spirit and other components of "Mao Tse-tung thought" are a speculative

attempt to capitalise on the Chinese peasantry's age-old traditional outlook.

Naturally, the fact that Marxist Communists reject egalitarianism in principle does not mean that they are against social equality. On the contrary, their main purpose is fully to realise their ideal: the equality of all as a condition for the free development of each. The distinction between the two concepts lies in the fact that Marxism links up universal equality with the steady progress of the productive forces and the attendant transformation and improvement of the relations of production.

It has been pointed out that in his social philosophy Mao Tse-tung looks to the traditional ideology of the broad peasant sections. That is not to say, however, that "Mao Tse-tung thought" is really an expression of the interests of the lower peasant sections, a huge mass of men incapable of formulating and representing their own interests and demands in the political arena. Moreover, "Mao Tse-tung thought", which cuts across Marxism-Leninism as the ideology of the industrial proletariat, the most advanced revolutionary class of our day, is in fact patently hostile to the Chinese farmers' basic interests, for it is only under the leadership of the proletariat, armed with the revolutionary ideology of scientific communism, that the Chinese peasantry can acquire any social prospects or take the socialist and communist road of development in the true sense of the word.

Mao Tse-tung looks in his social philosophy to the Chinese peasantry not because, shall we say, he is sincerely in error, but simply to make use of its vast spontaneous force to achieve his own ends, which have very little to do with the masses' genuine interests. The whole of Maoist practice and domestic and foreign policy is firmly geared to the implementation of Mao's Great-Power nationalistic goals. The "people's communes", which are being established on the Chinese countryside, and the attempts at the total militarisation of Chinese society under the "All the People Are Soldiers" slogan, attempts that are closely connected with the "communes", all that has, apparently, been aimed to reduce the masses of Chinese people to "unreasoning cogs" to be used as material for building up a "great China" and estab-

lishing the sway of Mao Tse-tung's ideas throughout the world. Mao Tse-tung's "lines", however, have all met with steadily growing resistance among the Chinese internationalist-minded Communists. Neither the "cultural revolution" nor the anti-Soviet orientation, nor any attempts to establish co-operation with US imperialism on that basis can save Mao Tse-tung's "ideas" from complete collapse.

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The Mao Group's Economic Policy During the "Great Leap Forward" and Its Effects

Throughout the PRC's more than 20 years, economic policy has been one of its most important problems and has had a powerful influence on the development of its socialist system. Economic policy has nearly always been in the foreground of the Party leaders' activity and has given rise to sharp disputes and internal struggles within the CPC. Still, the CPC leadership headed by Mao Tse-tung has proved unable in the course of the more than two decades to work out, establish and implement a policy that would ensure the country's steady progress.

Mao Tse-tung's economic concept comprises two extremes, with now one and now the other standing out most clearly. At first, there was a distinct urge to step up to the utmost socialist construction as a whole and expedite socialist change in the relations of production in particular. Some socialist transformations in the forms of property were carried out over a short period, but, despite the various experiments that followed, these failed to ensure the country's steady economic growth. Instead of pursuing a sober, realistic policy, the Peking leadership swung to the other extreme, namely, underestimation of the potentialities for economic growth and lack of faith in the possibility of gradually raising the working people's living standards and satisfying their material needs. Hence the orientation largely upon the use of organs of suppression and military means to ensure the stability of the system and establish a military-bureaucratic dictatorship.

¹ Mao Tse-tung has virtually always distinguished various classes on the strength of their material level and not of their status in social production. Under his scheme, the proletariat is the "class" of the poorest, the have-nots. Thus, in his earlier works (1926) he said that the proletariat included the landless farmers, prostitutes and all the declassé elements in general, including even the bandits, of whom there were quite a few in China at the time. This criterion, albeit slightly modified, is still at the basis of his definition of class membership.

² Mao Tse-tung, "On Coalition Government", *Selected Works*, Vol. 4, Moscow, 1953, pp. 507, 512-13 (in Russian).

³ *Ibid.*, pp. 511-12.

⁴ More than 14 per cent a year; annual growth rate—more than 18 per cent.

⁵ During the subsequent "cultural revolution", construction on the basis of economic methods was declared to be a downright "counter-revolutionary theory". Such was the Maoist response to the outcome of the 1961-65 "ordering" after the "great leap forward".

Of course, Mao Tse-tung's economic concept has not been accepted unreservedly. On several occasions, the CPC has succeeded in sweeping aside his extremist demands, eliminating the arising difficulties and opening up the way for a realistic policy mindful not only of Chinese experience but also of that of the Soviet Union and other socialist countries. To do away with the opposition inside the Party, the Mao leadership used various forms of struggle, above all suppression of any critical remarks. Thus, in 1957, there was the so-called movement to improve the style of work, aimed against the opposition to the comprehensive implementation of Mao Tse-tung's economic concept and the "great leap forward" policy (1958-60).

The "great leap forward" was a pretentious experiment meant to effect a rapid change in the level of the productive forces, overcome the economic backwardness and make China the first of all socialist countries to introduce—by fiat—the communist mode of production. The CPC leadership itself had largely to admit the failure of its policy, but blamed it on the opposition constantly coming out against the "great leap forward" method.

In view of the negative consequences of the experiment for China's further economic and political development, let us deal with some of its major mistakes in greater detail.

The "great leap forward" concept was basically subjective in its assessment of China's economic and political situation and the prospects and possibilities of its economic development. Thus, for instance, it attached too much importance to the subjective factor in economic construction, maintaining that any economic growth could be attained so long as men wanted and were resolved to attain it. Every objection was taken to imply lack of faith in the people's strength, an expression of defeatism, and as such was given a blunt rebuff.

The concept was based on the choice of maximum, super-high economic growth rates derived from an unrealistic assessment of the country's actual possibilities. For several years the demand for a high growth rate was at the root of all the Mao leadership's economic and political measures, which acted on the idea that a fluctuating economic growth rate was natural for any country, let alone an economically backward one. But from here it went on to the erroneous

conclusion that everything depended solely on the subjective effort and resolve in planning and attaining high growth rates. Projects without a sound technical or economic back-up made it impossible to work out a truly balanced plan and served to encourage the laying down of patently unrealistic production targets, something that made itself felt at the initial planning level, statistics at the enterprise, and also in national-economic administration.

The concrete content of the "great leap forward" economic policy took shape on the basis of different, often diametrically opposite, principles, which stemmed from real and sometimes imaginary current needs of the Chinese economy, principles that were essentially pragmatic. There was nothing coherent about the policy, so that in the three years from 1958 to 1960 it underwent several marked changes. Its main versions gave priority to some individual sectors of the national economy, and also used the so-called mass movement method in production and capital construction. The question of showing social preference to some individual sectors of industry or farming, to industrialisation or the "self-reliance" line in intensifying farming was one of the main questions of China's economic policy. However, it was tackled differently from one stage to another, largely through voluntarist methods. Thus, at the beginning of the three-year "great leap forward", the emphasis was on agriculture, whose development was taken to be as important as that of industry, whereas in the latter half of 1958, things took quite a different turn: economic policy was geared to a one-sided preference for industrialisation. In 1959 and especially in 1960, the principle was gradually revised and gave way to the "agriculture is the basis of the national economy" principle, which once again gave priority to agriculture as the key sector of the economy and the starting ground for its comprehensive development. A characteristic point to note is that success was greatest when farming was put on a par with industry. The crisis was also eased when farming was the priority area, but on the whole there was no due interconnection between the two major economic sectors.

The mass movement method was another vivid manifestation of the undue emphasis on the subjective factor. The

method was applied to the mobilisation of the large unused manpower resources in the building of irrigation systems in the winter of 1957-58. Following the first experiment, the mass movement method was mechanically applied to other areas, above all, the building of small blast-furnaces and metallurgical production by primitive means. Despite the negative results of the campaign, the mass movement method was still being used, and a so-called mass movement for technical improvement was being carried on, but that was confined to industrial production and its intensification without the involvement of fresh manpower. The movement yielded some positive results in modernising and renewing the product mix, but failed to bring about any quantitative increase in production. These measures were aimed to prevent a further decline in production. In the major sectors of the economy and the chief areas of activity, the mass movement method was used only in 1958, and in the following years was confined to some particular areas.

The mass movement was not the only way of involving free manpower in the economy; the changes that took place in the countryside during the "great leap forward" as a result of the establishment of the "people's communes" were also meant to improve the use of manpower resources. Too much importance was, of course, attached to the role these changes were to play in speeding up growth in farming which had no adequate material basis created for it. It subsequently became clear that production could not be increased through administrative and organisational methods alone. The Maoist leaders' subjectivism in assessing the actual economic situation was also expressed in their neglect of some important economic factors limiting the possibilities of faster economic growth in China: the size of the manpower pool, the consumer barrier, and the limited material, organisational and other possibilities.

One of the two main sources feeding the "great leap forward" policy was the apparently large pool of free manpower, which emerged as a result of overt and latent unemployment and which was above all to be involved in capital construction with low capital and high manual-labour inputs at low wages to ensure considerable growth of the net product,

The countryside was the largest source of manpower reserves, and these were to be used on the spot chiefly to intensify agriculture through irrigation, better fertilisation, deeper tillage and other agrotechnical methods. These reserves were also used to lay the production groundwork for modernisation in the form of local repair shops. The fresh manpower was also to help ensure better allocation of investments, and location of production, and improvement of the sectoral structure of the economy. But the concrete possibilities of the use of manpower resources were ignored: during the winter season, large numbers of men were in effect unoccupied, tiding over the winter with very little to do and as little to eat. The large-scale mass movement in the winter of 1957/58 led to a steep increase in food consumption and a virtual depletion of the food stocks, and this had an unfavourable effect on production the following year. Nor was any attention paid to the fact that most of the manpower employed in the economy had a low labour productivity, which could not be increased to any marked degree by mere fiat or the working people's subjective effort.

By the summer of 1958, the manpower reserves had run out: urban unemployment had virtually been eliminated, many farmers had left the countryside for the towns, and agriculture was unable to provide any more manpower during the farming season. In the summer of 1958, manpower shortages became the country's main and most discussed economic problem. And although the "people's communes" did not release any manpower, more "mass movements" were announced. Manpower was thus dispersed, something that had a negative economic effect. In agriculture the effect was in fact catastrophic. Thus, in 1958 the farmers were even unable to harvest the whole summer crop—an unprecedented state of affairs in China. Many farmers had to be sent back from the towns to the countryside, thereby holding up urban capital construction and damaging production in many industries.

The unrealistic approach to the possibilities of drawing on the pool of unused manpower, and the rechanneling of that manpower into capital construction and various lines of production, without any attention being paid to labour

effectiveness, may be regarded as one of the basic mistakes which made the prodigious "great leap forward" effort on the part of hundreds of millions utterly futile.

Another basic reason for the failure was the unrealistic assessment of the possibilities of increasing the accumulation fund. Under the original plans, the latter's increase and utmost concentration on the larger projects were to have been a source of a sharp economic upswing within the "leap" concept. The "leap" policy, however, failed to reckon with the fact that accumulation possibilities were limited by the low labour productivity and the danger of excessive accumulation at the expense of the consumer fund.

The consumption level in China is so low that for the bulk of the population it is somewhere round the bare subsistence minimum required to restore labour power. This level cannot be lowered, however selfless the people, for that would inevitably impair their capacity for work. Thus, in Chinese conditions the consumption barrier is a most important factor holding back economic growth. During the "great leap forward", this barrier was repeatedly in the way.

For the first time, the economy came up against that barrier in view of the demand to increase investment both in central and local enterprises, particularly after the establishment of the "people's communes", which sought to channel into accumulation too great a share of their income, even at the expense of the farmers' individual consumption. At the same time, they introduced various measures which upset the market balance: on the one hand, they wanted as much of their own products as possible to be consumed inside the commune itself and limited their marketing, and on the other, they introduced cash wages, so exerting strong pressure on the commodity market and extracommunal production. The two measures served to upset the market balance, shaky and poorly regulated as it already was, and resulted in a supply crisis which broke out in the winter of 1958/59.

The crisis worsened once the output of farm produce fell in 1959 and that of industrial consumer goods—in 1960. The forced lowering of consumption had a marked effect on further economic policy. In other words, the disproportion between the unsatisfactory production and the consumption

requirements led to a slowdown in the economic growth rate even before the end of the "great leap forward".

The material supplies that would be necessary to ensure investment growth and production were not determined well enough either. In the first period of the "great leap forward", when capital construction in farming was the main area of prospective growth, the materials shortage was still fairly moderate, but as soon as priority was shifted to metallurgy, the shortage of raw and other materials became a major obstacle to its development. Shortages soon developed throughout the whole of the heavy industry and, from 1959 onwards, in the light industry as well, which was affected by the poor harvest. The shortage of raw and other materials was one of the main factors behind the drop in industrial production in 1960 and the next few years, particularly when foreign trade proved to be incapable of satisfying the economy's vast requirements; foreign trade itself at that time was largely switched to food imports.

The large volume of capital construction, the growing scale of production and, particularly, the mass movements put a very great strain on economic administration, planning and statistics, and the effort to co-ordinate the various economic areas and to establish due proportions between the economic sectors, specifically those between industry and farming, the extractive industry and manufacturing, the heavy and the light industry, production and transport capacity, and so on.

The impossibility of carrying out the unrealistic tasks of the "great leap forward" led to a considerable increase in anarchistic tendencies in economic administration. These were most pronounced in the mass movement, which was to have substituted "grass roots" initiative for organised investment and production. They showed most clearly perhaps in the movement to set up the "people's communes", where only general outlines of the new producer units were decided in a centralised manner until the most suitable forms were found by trial and error.

These anarchistic tendencies were also reflected in the concept of general economic administration. One typical example was the practice of deliberately creating disproportions by singling out various particular sectors as a basis

for automatic economic administration. The idea here was that any kind of economic growth led to imbalances in the national economy, upsetting the proportions between the various branches. This was seen as the natural dialectics of economic development and was not to be hindered but, on the contrary, to be utilised or even, wherever necessary, to be created deliberately. The conclusion here was that so long as one major economic sector was administered in a centralised manner, the other sectors would develop in line with the former. The development of metallurgy, for instance, would create a demand for raw materials and boost their production. Metallurgy would provide raw materials for engineering, which would then develop and provide for agriculture, which, for its part, would increase the output of farm produce, raise its labour productivity, and so on. The practice of 1958, however, served to refute these oversimplified notions of economic administration.

What was the reaction inside China to Mao Tse-tung's "great leap forward" concept? At first it brought about various changes in society, above all, a marked increase in the working people's mobility, not only due to political factors, but to some extent also to material incentives, for from the outset the "great leap forward" concept was linked with the near prospect of a rich and happy life. This Mao Tse-tung sought to emphasise in his concise formula for the "great leap forward": "In three years to change the face of most of the country's areas." Another slogan to that effect promised "ten thousand years of prosperity" in return for "three years of hard work". One of Mao Tse-tung's more concrete promises was a higher living standard for the population, better food and clothing for all. Thus, an article by member of the CPC Central Committee's Politburo, Tan Chen-lin, carried by *Jenmin jihpao* on August 11, 1958, quoted Mao Tse-tung's characteristics of the "people's communes" and the happy way of life they were to usher in. Tan Chen-lin wrote: "During his meeting last June with farming co-operative Chairman Yin Tsiu-ya, Comrade Mao Tse-tung set out before those present his idea of a happy life and also determined our concrete and urgent task: for every person this country should produce an annual average of 750 kilogrammes of grain, 50 kilogrammes of pork, 10 kilogrammes

of vegetable oil and 10 kilogrammes of cotton. We can say with full confidence that this happy life is not a very long way off, and that it is quite possible to attain or even to tap these targets in a short period."

In the autumn of 1958, when the negative effects of the "great leap forward" policy were beginning to show, there was a sharp change of mood throughout Chinese society, with the enthusiasm of the early stages petering out rapidly first in the countryside and then in the towns. The "great leap forward" caused a drop in the working people's living standards, which led to disenchantment and social instability. The "leap" policy was up a blind alley and could not be continued, nor was it possible to go back to the pre-1958 state of affairs. The fiasco of the whole policy, the "people's communes" in particular, had an immediate effect on the situation in the countryside: agricultural production dropped considerably and, despite the bumper crop of the summer of 1958, supplies became much worse. The exhausting capital construction campaigns made the situation even harder.

The first reaction came from the peasants, who did not see any rise in their living standards even with the bumper crop of the first "leap" year. This applied, above all, to the middle farmers, who had the highest skills and had suffered from the egalitarian distribution in the "people's communes". These were, naturally, joined by the richer farmers, who had earlier been barred from co-operative membership altogether, and were now included in the communes (like the rest of the rural population). There was, therefore, a fairly broad section of farmers who opposed the new order in the countryside, and as the situation worsened that section swelled considerably because of the dissatisfaction among the poorer farmers. The class stratification, which had been obscured with the establishment of the co-operatives, again became more pronounced. The mounting tensions upset the relative stability of the countryside. In the situation, the leadership of the CPC and the "people's communes" chiefly relied on the poor peasantry, but did not have a broader basis and, in the final count, the experience of the numerous middle farmers. In consequence, there were more difficulties in transforming and improving the "people's communes" in 1959-60.

Chinese agriculture and the "people's communes" were harmed most by the disruption of the subconscious bond between production work (its scale and quality), on the one hand, and the communes' payment system, on the other, and also the loss of incentives to develop collective farming and the farmers' slide-back into their old state of indifference. That was the gravest social effect of the "great leap forward" policy, considering the farmers' share in the overall size of the population. It will, apparently, be impossible for a very long time to come to reinvigorate the mass of peasants on any considerable scale. Thus, as the "cultural revolution", which followed upon the "great leap forward", was launched and developed, it was confined to groups of young people in the towns and bypassed the peasantry, the bulk of the Chinese population.

The Chinese workers' response to the "great leap forward" policy was at first very vigorous. In 1958, their numbers rose steeply, but from 1959 on began to fall in view of the manpower shortages in agriculture and supply difficulties in the towns. These developments, added to the enforced return of millions of new and old workers back into the countryside, where for the most part they were given a less than hospitable reception, being regarded mostly as so many more mouths to feed, had a very strong influence on the urban working class, and its labour and political vigour. Its living standards declined. At the end of 1960, tensions between town and country were exacerbated following the restoration of the free market with its high prices, which were advantageous for the farmers, but forbidding for the urban working class. The "leap" policy did nothing to eliminate the tensions between town and country that had existed before the "great leap forward" owing to the workers' higher earnings and living standards but, serving to worsen relations between the working class and the rural population, increased these tensions and threw society into even greater disequilibrium.

The intelligentsia was to play a minor role in the "great leap forward". The realistic policy of 1956-57 reckoned with the intelligentsia to a much greater degree, whereas during the "great leap forward" it was the masses who were to act, and the intelligentsia was assigned the passive role

of explaining and justifying the politicians' decisions. There was no particular enthusiasm for the policy, but the goals of the "great leap forward" were so attractive (it was aimed to overcome the backwardness and carry the country to the top of the world in economic and social development) that a sizable section of the intelligentsia came out in its favour. Wherever no spontaneous support could be mustered, enforcement measures were eventually applied, first in a movement against so-called Right-wingers, and then also against so-called Right opportunists.

In other words, the intelligentsia's attitude to the "great leap forward" successes was at first positive, though hesitant. But when the misgivings that the "leap" did not provide any real way out were confirmed, the intelligentsia moved into the background. It was no longer consulted, and the leadership did not show any interest in whether specialists could suggest any way out of the political and economic crisis. Fear of persecution and particularly of dispatch to the countryside bore on the intelligentsia throughout the whole period. Towards the end of this period, when the need for specialists began to tell, the way out was seen in mobilising the experience of veteran workers and peasants. Later, when the mistakes of the "great leap forward" were being redressed, there were some short-term improvements in the intelligentsia's position.

Despite the ultra-revolutionary goals of the "great leap forward" policy, it did not have any marked effect on the position of the Chinese bourgeoisie. Having handed over its enterprises into state management (as so-called mixed, partially state-owned enterprises), the bourgeoisie continued to receive considerable interest payments on the property they had given up, which sometimes ran to millions of yuans a year. The Chinese leadership maintained its relations with the bourgeoisie even at the most turbulent periods. It was with their interests in view that the establishment of the "people's communes" in the towns was first slowed down and then wound up altogether. The bourgeoisie's vital interests were also affected by the difficulties caused by the "great leap forward", but it always had some advantages in supply, in receiving mail from abroad, and so on. The capitalists' large incomes made them immune to the negative

side of the free market in foodstuffs. The supply crisis, naturally, added to the tensions between the capitalists and ordinary citizens, who enjoyed no such privileges.

The "great leap forward" policy had a very strong effect on the leading Party, state and economic cadres, or the "*kanfu*", splitting them into two major groups: those for and those against the "great leap forward". Among its opponents were ranked all those who voiced any doubts about the correctness of some of its postulates, to say nothing of the relatively few cadres who criticised and rejected the whole policy. Anyone who criticised it or doubted its correctness were branded enemies, Right-wingers, and later Right-wing opportunists, and most of them lost their jobs and were persecuted. Persecution did not usually mean physical extermination or legal proceedings, but the favourite Chinese method of "remoulding" by manual labour in the countryside. In this way the Party was deprived of many experienced leaders, men who had most political foresight.

As the opponents of the "great leap forward" were being suppressed, those who accepted the new political line strengthened their positions. At first it seemed that the new policy was giving senior functionaries broader opportunities to display their abilities. In the localities, the greatest vigour and initiative were required, particularly in the implementation of the "people's communes" policy and the consistent fulfilment of orders from the centre, as, for instance, in the movement to build small blast-furnaces. But once the results of this effort failed to justify themselves and had a negative effect on China's socio-economic position, criticism was directed against "incorrect application of the correct central line" by the rank-and-file cadres. As a result, the latter were demoralised, clearly realising the contradiction between the official line and practice. Since their faith in the directions from the centre was shaken, they lost their bearings. The results of the "great leap forward" policy damaged the prestige of those who had taken part in elaborating it. Since these men remained in their posts, it was also very hard to redress the mistakes of the "great leap forward" or find a way out of the critical situation.

The "great leap forward" policy had an effect on social activity in China, both political and economic. Initially, the

masses became much more active in broad movements, first in agriculture and then in industry. It would be wrong to think, however, that their vigour was forced: no kind of enforcement methods could have invested the massive activity in 1958 with so much scope, enthusiasm and self-denial. It seemed to have been largely voluntary and at the same time spontaneous, and did not involve any growth of political consciousness. It was due to the attractive prospect of a rich and happy future that was virtually round the corner. The "great leap forward" was to take three years (an unrealistic period), but the people hoped that the results would show instantly, rather than at the end of the three years. This applied, above all, to the countryside, where a great deal of effort was being put in. The people no longer wanted to hold themselves in check and wait for a new life for several more years. As soon as their hopes failed to materialise, their vigour rapidly gave out, especially during the critical period towards the end of the "great leap forward". The masses' loss of faith in the possibility of a better future (and any policy promising such a future) subsequently made them even more passive. This effect of the "great leap forward" policy subsequently did much harm, hampering later efforts to rally afresh the hundreds of millions of Chinese working people, particularly the peasants, whom it had been so hard to involve in political work during the civil war, the agrarian reform and the early stages of co-operation. Hence one of the gravest problems of China's present-day political and economic life.

Since the failure of the "great leap forward" experiment, the CPC's Maoist leadership has been unable to work out any positive economic policy. It has sought to whip up the notorious threat from outside so as to obscure the fact that the domestic problems of socialist construction in China have not been solved, and that it was unable to meet the population's economic needs. The Maoist leadership has stayed in power by using various methods to stamp out the slightest opposition, the most vivid of these methods being "the great proletarian cultural revolution of the recent period".

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The Handicraft Industry and Its Role in China's Economy

When considering the substance of the so-called handicraft industry, one must emphasise that there is no consensus among scientists in defining the concept. The handicraft industry seems to mean chiefly small-commodity industrial production based on manual labour, where the producer owns some means of production in the form of private property, takes part in the work himself and sells his product to the consumer either himself or through a middleman. The handicraft commodity producer has his own workshop, where he works alone or with his family, employs a limited number of workers (assistants) or has several apprentices. Handicraftsmen, i.e., commodity producers working for the market, are closely linked with artisans, producing goods for custom. In the PRC the socio-economic distinctions between handicraftsmen and artisans have virtually disappeared.

Some handicraftsmen are professionals, for whom production for sale is the sole or major source of livelihood, whereas others are basically farmers engaged in manufacture in their spare time. Thus, the individual handicraftsman or artisan is the leading figure in the handicraft industry (or, to be more precise, handicraft-artisan production). There is almost no division of labour in the workshops of individual handicraftsmen and artisans. Their production is poorly equipped and, being largely based on manual labour, it has a low productivity (3 to 5 per cent of that at the large enterprises), often turning out low-quality goods.

The State Administrative Council's decision of August 4, 1950 on the definition of classes in the countryside said that

to be classed as handicraftsman, a producer had to employ workers or apprentices only for auxiliary and subsidiary work, and do the basic work himself. These petty individual handicraftsmen were usually commodity producers employing no more than three hired workers or apprentices.

Up to the massive 1956 co-operation campaign in the handicrafts, the category of individual handicraftsmen had a very uneven socio-economic complexion. It comprised the following groups, each subdivided into several other small groups: handicraftsmen who independently produced and sold their output; those who got their raw materials from state, co-operative or private enterprises and fulfilled their orders; those who sold their products and labour-power; handicraftsmen (or, more precisely, artisans) who processed raw materials, produced various goods and carried out repairs for private customers; itinerant handicraftsmen, who went from place to place in search of work. Thus, data for Heilungkiang Province show that in 1954 handicraftsmen who sold their wares and labour-power made up the largest group (44 per cent), followed by those who produced and sold their output independently (20 per cent).¹

Apart from the professionals, there was a large group of peasant handicraftsmen, who differed from the former in that farming was their main line and the handicrafts—an auxiliary. In contrast to the cottage trades, the peasant handicrafts produced goods for the market. In 1954, the peasant handicrafts accounted for about 27 per cent of total output in the individual handicraft industry.²

Besides individual handicraftsmen, there was also a group known as capitalist handicraftsmen, whose enterprises were included in the system of capitalist industry. It often happened, however, that owners of workshops employing four or five wage-workers (like the owners of smithies) were also included in some categories of individual handicraftsmen. The criterion for distinguishing between individual and capitalist handicraftsmen was whether the owner took a personal part in the labour process. Capitalist handicraftsmen, who had large means of production, ruthlessly exploited their workers and apprentices. In 1953, China had more than 100,000 private industrial enterprises employing from four to ten wage-workers.

In 1949, the individual handicraft industry employed 5.77 million, in 1952—7.14 million³ and in 1954—7.7 million⁴. The co-operation campaign started in 1955 sharply decreased the number of individual handicraftsmen to only 544,000 in 1956.⁵ Still, in the years that followed, individual handicraftsmen continued to exist. Moreover, according to the Chinese and Western press, the "cultural revolution" gave fresh scope to private enterprise, individual handicraftsmen and artisans in particular. It is most likely that at the time their overall numbers increased as compared with 1956-57.

After 1949, the individual handicraft industry reached a peak in 1954, when its gross product, including that of the peasant handicraftsmen, totalled 9,300 million yuans, which was 22 per cent above the highest prerevolutionary level. In 1954, its share in the gross industrial output was almost 18 per cent, and it numbered 3.33 million production units (workshops or establishments), averaging 2.3 employees and an annual output of some 1,000 yuans per person. Most handicraft workshops did not employ any wage-workers.

In China, the handicraft industry includes the cottage trades, which are often closely connected with subsistence farming, and also individual small-commodity industry, small manufactories, and industrial co-operation, notably, some large and fairly well-equipped enterprises.

Up to 1956, the handicraft industry in the PRC was largely made up of individual enterprises, and after 1955, of co-operative enterprises. It seems that producer (trades) co-operatives, or at any rate most of these (like enterprises with more than 100 employees, several dozen machine-tools, drives and other production equipment) should not be ranked among handicraft enterprises in the traditional sense of the word.

Up to 1958, the handicraft industry had a specialised system of administration, organisation of production and distribution and independent supply-and-marketing agencies. During the "great leap forward" the system was largely disrupted to the detriment of national economic interests, but was restored in the "ordering" period. By the start of the "cultural revolution", nationwide administration of the handicraft industry was carried on by the Second Ministry of the Light Industry, established early in 1965.

In the PRC's early years, the main problem of the handicraft industry was its rehabilitation, since that was of vital importance for the overall improvement of the national economy and economic stabilisation. Bearing in mind the handicraft industry's important role, the PRC Government made vigorous use of it in the effort to rehabilitate the economy. The first co-operative associations were established in the handicraft industry in 1949-50. The First National Conference on co-operation in handicraft production in June 1951 adopted draft Rules for Handicraft Co-operatives, defined their main goals and purposes and carried the decision to establish such co-operatives in the countryside, as well as in the towns.

Table 1

Growth of the Co-operative Sector in the
Handicraft Industry in 1949-53*

Year	Number of co-operative units	Membership (thous)	Gross output (mill)
1949	311	88.9	15
1950	1,321	260	40
1951	1,066	139.6	134.4
1952	3,658	227.8	255.1

* Chao Yih-wen, *Industry in the New China*, p. 154.

In 1951, there was a drop in the number of co-operatives and their membership (Table 1), which occurred upon the elimination of pseudo co-operatives, which had in fact provided a front for capitalist enterprises; the break-up or dissolution of co-operatives set up to eliminate urban unemployment; and the break-up of economically unviable units (as a result of their mottled make-up, poor organisation or inadequate material and technical basis).

On the whole, co-operation in the handicrafts was just starting in 1949-52, for it required certain experience and also a testing of the various forms of co-operative association. It was necessary to make creative use of the experience of the USSR and other socialist countries, adapting it to

China's specific conditions. In 1952, co-operation involved only 3.1 per cent of all handicraftsmen and artisans.⁶

In 1953, the PRC launched its First Five-Year Plan for the development of the national economy which was a major stage in realising the goals of the transition period and socialist construction in the PRC. One of its basic targets was to "establish a primary basis for the socialist transformation of agriculture and the handicraft industry by developing agricultural producer co-operatives, based on partial collective property and handicraft producer co-operatives".⁷

Over the five years (1953-57), gross production in the handicrafts was to go up by 60.9 per cent (from 7,310 million yuans in 1952 to 11,770 million in 1957), notably, in its un-co-operated sector—from 7,060 million to 7,220 million yuans. Gross production in the co-operated handicrafts was to go up 18-fold (to 4,550 million yuans in 1957), notably, 12.9-fold (up to 3,190 million yuans) in the producer co-operatives. By 1957, the membership of handicraft co-operatives was to go up to 2.1 million.

The draft of the First Five-Year Plan emphasised that handicraftsmen should be involved in co-operation gradually, through persuasion, visual example and state assistance, and that co-operation should be voluntary, gradually moving from lower to higher forms.

The Third National Conference of Workers in Handicraft Producer Co-operation (December 1953) played an important role in the spread of co-operation among handicraftsmen and artisans. It summed up the experience in co-operation over the preceding years and, on the basis of the CPC's general line for the transition period, laid down various new measures. It also determined the three main forms of co-operation among handicraftsmen and artisans: supply-and-marketing producer groups (producer), supply-and-marketing producer co-operatives and producer co-operatives.

From 1953 onwards, the state markedly increased its assistance to co-operation in the handicrafts, granting credits to co-operative associations throughout the country and concluding with them contracts for the processing of raw materials and production of goods. A resolute effort was made to prevent the establishment of pseudo-co-operatives and the

emergence and development of elements of capitalist exploitation within the co-operatives.

In November 1954, a Central Board for the Handicraft Industry was set up under the PRC's State Council so as further to strengthen the administration of co-operation in the handicrafts. A month later, the Fourth National Conference of Workers in Handicraft Producer Co-operation elected a preparatory committee for a National Union of Industrial Co-operation in the Handicrafts. At that time, a network of provincial, city and local administrative organs for the handicraft industry and industrial co-operation unions was established throughout the country.

The state's correct policy and its assistance to co-operation, and also the visual advantages of co-operation helped to achieve a rapid increase in the number of co-operatives, their membership and gross annual production. Here are some figures for co-operation in the handicrafts:⁸

	1953	1954	1955 (end of June)
Number of co-operative units (thous) .	5.78	41.6	over 50
Membership (thous) .	301.5	1,213	1,460
Share of co-operated handicraftsmen in total (per cent) . .	3.9	13.6	over 16
Gross output in handicraft industry (mill yuans)	506.4	1,169.4	—

The figures are vivid proof of the successes in co-operation from January 1953 to June 1955.

Despite the successes in co-operation, the handicraft industry also had various shortcomings, the most important of these being the fairly large number of spontaneous associations only some of which could be transformed into industrial co-operation units. Complicated paper-work prevented many handicraftsmen from joining industrial co-operatives.

In 1953-54 and in 1955-57, co-operation in the handicrafts assumed three basic forms: handicraft producer groups, supply-and-marketing co-operatives and handicraft producer co-operatives. Producer groups were the lowest form of co-operation among individual handicraftsmen, since the

means of production remained in private hands. These groups included foremen and owners of small workshops and also heads of families, all of whom retained complete economic independence, getting together only to organise raw-material supplies and marketing, and to fulfil production orders from state or co-operative organisations. Having received their share of the order and raw materials, the foremen, owners of workshops and heads of families, together with members of their families, apprentices and assistants, worked on their own.

The supply-and-marketing co-operative was a higher form of co-operative organisation, uniting individual handicraftsmen or producer groups for joint raw-material supply or marketing of goods. Overhead expenses in the supply-and-marketing co-operatives were covered mainly from social funds made up of regular dues and deductions from profits. In some supply-and-marketing co-operatives all involved were considered full and equal members, while in others only the foremen, owners of workshops and heads of families were such members.

The higher-type producer co-operative was the highest form of union among individual handicraftsmen. All those working in it were considered members, all the means of production were held as collective property and all income was shared according to work. In joining the co-operative, the shareholders paid initiation dues and share contributions, which depended on the concrete conditions (the handicraftsman's material well-being, the needs of the co-operative, the region). The share usually amounted to a member's monthly earnings. Co-operatives in the services were often established without any share contribution. The general meeting was the highest ruling body, which elected a board and an auditing committee.

Higher-type producer co-operatives established complete equality between all their members on the basis of socialisation of all the means of production, so creating favourable conditions for the improved organisation through deeper production specialisation and a more rational use of its members in the various production sectors.

From the spring of 1955 onwards, there were increasing attempts to step up co-operation first in farming and then

in the handicrafts. These attempts were initiated by Mao Tse-tung. In his report on "Questions of Co-operation in Agriculture", delivered at the conference of the secretaries of provincial, city and regional committees of the CPC on July 31, 1955, Mao Tse-tung came down on the Party workers who took a consistent stand for the basic principles of co-operation and came out in well-justified opposition to run-away co-operation. The Sixth (enlarged) Plenary Session of the Seventh CPC Central Committee in October 1955 in effect confirmed Mao Tse-tung's main propositions set out on July 31, 1955 and adopted a decision to speed up co-operation.

On December 27, 1955, Mao Tse-tung wrote in his Preface to a collection entitled *Socialist Upsurge in China's Countryside*: "The socialist transformation of China's handicrafts and capitalist industry and commerce should be speeded up." The Fifth National Conference of Workers in Handicraft Co-operation, held in Peking in December 1955, concentrated on the working out of a plan for stepped-up co-operation in the spring of 1956. In the latter half of 1955, co-operation in the handicrafts sharply increased. Thus, in the first six months of 1955, about 9,000 co-operative associations were established throughout the country, whereas in the next six months the figure doubled to about 18,000, with membership increasing from about 250,000 in the first half to almost 750,000 in the second.

In 1955 (for the first time since 1949), there was a drop in handicraft production (to 3.2 per cent below the 1954 level). The drop was largely due to the overhasty co-operation in the latter half of 1955. There was also the negative effect of the shrinking number of handicraftsmen, which in 1955 was down by 700,000, or 8 per cent as compared with 1954. This was due to their transfer to state enterprises, and also to the co-operation of agriculture⁹ (handicraft trades were not encouraged in many farming co-operatives).

From the beginning of 1956, a crash campaign for sectoral co-operation among individual handicraftsmen was launched throughout the country. In January 1956 alone, the membership nearly doubled.¹⁰ By mid-1956, co-operatives involved about 90 per cent of the country's handicraftsmen.¹¹ So, the Mao group ignored one of the basic principles of

co-operation, that of gradual and consistent transformation of the small-commodity economy, a principle that was at the basis of the time-scheme for co-operation under the First Five-Year Plan. The crash co-operation campaign in the first half of 1956 was chiefly aimed at setting up higher-type producer co-operatives with the socialisation of the means of production. In laying down their line, Mao Tse-tung and his adherents ignored the fact that the millions of individual handicraftsmen involved in the co-operatives were still ideologically unprepared for going over to the higher form of co-operation. In the course of the campaign many supply-and-marketing co-operatives and producer groups were transformed into producer co-operatives, although the co-operation practice in 1953-55 had proved the effectiveness of the former.

In the course of the headlong co-operation drive, there were also some breaches of the principle of free will, as indicated by Mao Tse-tung's own admission that in 1956 there had been strikes and disturbances throughout the country, among the members of producer co-operatives in particular.¹²

The crash campaign for token co-operation among the small-commodity producers, including individual handicraftsmen, was an attempt to carry out social changes without the technical re-equipment of production which clashed with Lenin's co-operative plan and the experience in the Soviet Union and other socialist countries.

The hasty and often haphazard social change in the handicraft industry in 1956 and the gross violation of co-operation principles had a bad effect on the economy and the handicraft industry itself. Despite the good crop in 1955, production in the handicraft industry in 1956 was only 0.9 per cent above the 1954 level, increasing less than in any of the three years from 1951 to 1953. The number of handicraftsmen fell sharply: according to official Chinese data, in 1956 there were 1.6 million handicraftsmen less than in 1955¹³—a drop of almost 20 per cent. The bulk of the former handicraftsmen, living mostly in the countryside, joined farming producer co-operatives and stopped making handicraft products. Since farming already had a manpower surplus, the fresh influx did not have any marked effect on

agricultural production, whereas the drop in the number of handicraftsmen narrowed the industry's production potentialities.

The negative economic aftereffects of the much too rapid co-operation in the handicrafts were even discussed at the Eighth National Congress of the CPC, where speakers pointed out that co-operation in the handicrafts was marked by the undue haste and general use of a uniform method of profit-and-loss accounting which did not meet the actual needs of the co-operatives. As a result, there was a drop in quality and the range of goods produced in some sectors of the handicrafts. The urge to set up giant co-operatives among handicraftsmen providing everyday services created many inconveniences both for the population and the handicraftsmen themselves. The headlong co-operation campaign in agriculture harmed the peasants' cottage trades,¹⁴ thus reducing production and the peasants' earnings.

In July 1956, the PRC's State Council in an attempt to redress the mistakes in the course of co-operation, issued its special "Directives on some problems emerged in the course of socialist transformations in private industry and trade, the handicrafts and private transport". These shortcomings were then discussed at the National Conference on Co-operation in the Handicraft Industry in August 1956. These developments began a campaign, continued throughout 1957, to eliminate the harmful effects of the hasty co-operation in the handicrafts. The state's material assistance to co-operatives somewhat increased, the management of the industrial co-operation system and individual co-operative outfits was improved whereas giant producer co-operatives were broken down into smaller ones.

Although these measures added some stability to the development of the co-operative industry, many problems were yet to be solved, for many co-operatives were poorly managed and organised. Figures published in late 1957 showed that only 30 per cent of the co-operatives had a firm economic basis, whereas 55 per cent had a relatively weak management and 15 per cent—an extremely weak management.

In 1957, gross production in the handicrafts totalled 13,400 million yuans, i.e., 9.6 per cent of the aggregate production

in industry and farming, and 17 per cent of gross industrial production.¹⁵ The handicraft industry employed 6.5 million people, with more than 1 million of these engaged in fishing and salt production. The number of co-operative organisations topped 110,000, so that only 640,000 handicraftsmen remained outside. The First National Congress of Industrial Co-operation, held in early December 1957, adopted draft Rules for handicraft producer co-operatives, established a National Industrial Co-operation Union and adopted its Rules, and determined the tasks for the development of industrial co-operation in the second five-year period.

In 1958, the Mao group allowed more gross distortions in the socio-economic field and made some blunders in industrialisation, all of which had a dire effect on the national economy as a whole and the handicrafts in particular. In May 1958, the Second Session of the Eighth National Congress of the CPC adopted "the three red banners" line. The PRC's leadership decided to press forward with the country's industrialisation, and to switch to "people's communes" in agriculture.

In its plans for "superindustrialisation", the Peking leaders chiefly relied on the small-scale handicraft industry and backward, so-called traditional, production methods. In the "great leap forward" drive the handicrafts were developed to a very large extent. After 1957, the Maoist "theorists" put forward their "walk on both feet" line, which urged equal attention to large-scale modern industry and smaller-scale production. In practice, however, much more attention was often devoted to the backward small-scale handicraft industry than to large-scale modern industry, something that was well out of line with the Marxist-Leninist doctrine of socialist industrialisation. The Chinese leaders came to regard the handicrafts as the prime basis for the development of small-scale local industry, notably state and "people's communes" industry, on which the "great leap forward" policy was made to rely.

The handicrafts proper (i.e., the industrial co-operation system) were being intensively switched to the production of metal, simple equipment (with some unsuccessful attempts to put out relatively complex machinery), extraction of fire-

proofs and coke. Under the 1958 plan, which soon after its adoption was seen as being well understated, the handicrafts were to produce annually more than 1 million tons of pig iron, 200,000 tons of steel, 18,000 metal-cutting lathes, over 21,000 electric-driven machines and 8,300 drives.¹⁶ But, as on other occasions, during the "great leap forward" the plan turned out to be an empty one.

In pursuing its "great leap forward" policy, the Maoist leadership destroyed most of the established sectoral structure in the handicraft industry, the bulk of which was switched to the production of the means of production, whereas previously it had mostly produced consumer goods. Vast numbers of handicraftsmen from various branches were involved in the smelting of pig iron and steel. In 1957, the production of coal and ferrous and non-ferrous metals involved about 60,000 handicraftsmen, whereas by the end of 1958 the figure was over 1 million, apart from the numerous rural handicraftsmen and members of the "people's communes".¹⁷ These unwarranted manpower switches reduced the production of traditional goods (like household metal, porcelain and ceramic goods, bricks and tiling for housing construction, sugar, paper, and arts and crafts objects).

The "three red banners" line had a very bad effect on the handicraft industry in view of the ill-conceived break-up of the industrial co-operation system. Much of it was converted into local state and "people's communes" industry, while handicraft producer co-operatives were reorganised into the so-called co-operative plants and factories.

A major purpose of the speedy reorganisation of handicraft producer co-operatives into state enterprises was to muster and make what the Maoists considered to be better use of all the means and resources in carrying out the Peking leaders' adventurist schemes. On May 8, 1959, *Jenmin jihpao* wrote quite frankly: "Practice shows that co-operative enterprises in the handicraft industry are a very good basis for the development of local industry. By making use of their manpower, material and financial resources to develop local state enterprises, it is possible to achieve high construction rates and other indicative figures with fairly small inputs." The paper also said that the development of production in

the handicraft producer co-operatives was being held back by the collective form of property, so that the state had to "enlarge and reorganise" these co-operatives.

The reorganisation of producer co-operatives into state enterprises and industrial co-operation factories was started by way of experiment in the winter of 1957. In the spring of 1958, the process was markedly accelerated embracing the reorganisation of industrial co-operation enterprises into industrial enterprises under the rural "people's communes". Throughout 1958 this process continued on a wider scale. In May 1959, 37.8 per cent of the 5 million members of industrial co-operative outfits worked at state enterprises, 35.3 per cent—in the "people's communes" industry, 13.6 per cent—at industrial co-operative plants (factories) and 13.3 per cent—in handicraft producer co-operatives.¹⁸

Producer co-operation was in effect eliminated before it became strong enough. It was reflected in the abolition of its administrative system: the Central Board for the Handicraft Industry under the State Council and most of the provincial, city and district boards or departments were wound up. The National Union of Industrial Co-operation was deprived of its leading and organising role.

Nominally, the newly established co-operative plants and factories had a very high degree of socialisation in production, taking over all the property of the producer co-operatives they were reorganised from. This property was managed by the surviving local or sectoral industrial co-operation unions. The members of the reformed industrial co-operative outfits were now being paid wages according to work like workers at state enterprises, and were in effect turned into workers and employees. Instead of a board, a chairman and his deputies and an auditing committee elected from among the co-operative's members, a co-operative plant now had a director appointed by the industrial co-operation union.

The overintensive reorganisation of a part of the co-operated industry into state industry (usually coupled with a change in the enterprises' line of production) and into the poorly managed industry of the "people's communes" led to disruptions in the supply and marketing network, which was

not very well established under the industrial co-operation system as it was. As a result, handicraft and artisan production was gravely undermined, its work was disorganised and its output considerably cut back. In late 1958 and the first half of 1959, China was faced with an acute shortage of many goods that had previously been produced by the handicraft industry. There was a noticeable deterioration in the everyday services system, and a sharp drop in the supply to agriculture of the simple implements of labour and transport facilities. The output of export products was reduced and their quality worsened.

In view of the catastrophic worsening of the country's economic situation and the scarcity of goods, the Chinese leaders had to devote more attention to farming and the light and handicraft industries. In June 1959, the CPC Central Committee met in urgent conference in Shanghai to consider the development of the handicraft industry and the supply of the urban population with so-called secondary foodstuffs. According to the Chinese press, it adopted a decision for an all-round rehabilitation and development of the handicraft industry, an increase in the range of its goods and an improvement of their quality. The decision specially emphasised that for years to come the handicraft industry would be an important part of the country's national economy. In this way, the Shanghai conference in effect recognised that the old policy on the handicraft industry had been wrong and took steps to remedy the situation. Accordingly, from the latter half of 1959 there was an attempt to restore the handicraft industry. The handicraftsmen and artisans who had earlier been diverted to other sectors were now being switched back to the handicrafts. Many local state plants and factories that had been reorganised from industrial co-operation enterprises during the "great leap forward" were going back to the production of handicraft goods.

The work to restore the handicraft industry continued throughout the economic "ordering period". The Ninth Plenary Session of the Eighth CPC Central Committee in January 1961, which dealt with various urgent problems of improving the country's economic situation, devoted particular attention to the handicrafts. It demanded that the depart-

ments concerned should provide immediate assistance to the urban and rural handicraft industry and the cottage trades so as to ensure an all-round increase in the output of consumer goods and foodstuffs. The handicrafts were also discussed at the Third Session of the National People's Assembly in March and April 1962.

The then Chinese leaders had, apparently, realised that it was still too early to fold up handicraft production, and so put its restoration on the economic priorities list of the "ordering" period. From 1961 to 1963 the handicraft industry was being strengthened in economic and organisational terms. The former administrative system and structure of the handicraft industry as a specialised sector of the national economy was restored. In October 1961, the Central Board for the Handicraft Industry under the PRC's State Council was re-established. Later, in early 1965, the Central Board was reorganised into the Second Ministry of the Light Industry.

The role and significance of the National Union of Industrial Co-operation was being gradually restored. According to the Chinese press, sectoral unions were re-established everywhere so as to strengthen the management of industrial enterprises in the sector, and thus help bring about production increases, quality improvement and lower costs. The Second National Congress of Handicraft Co-operation held in Peking in October 1963 played a positive part in the rehabilitation of the industry. The PRC Government had to act to improve the material and technical supply of the handicraft industry and to provide it with financial assistance.

There were also some marked changes in the policy of socio-economic transformation in the handicraft industry. According to the Chinese press, there was some recognition of the erroneous nature of the "great leap forward" practice, in the course of which many industrial co-operative enterprises were too rashly reorganised into state enterprises and co-operative plants. Interestingly, the editorial in *Jenmin jihpao* on March 2, 1962 said: "It would be inexpedient from the standpoint of production to demand excessive and much too rapid transition of the handicraft industry to the property of the whole people."

At that time, as at the end of the First Five-Year Plan, handicraft producer co-operatives became the main form of co-operation. There were also handicraft supply-and-marketing producer co-operatives and producer groups, and also industrial co-operation plants and factories and handicraft producer units in the rural people's communes. In contrast to the "great leap forward" period, individuals were now allowed to go in for repairs and domestic crafts.

The egalitarian wage system introduced during the "great leap forward" with a very negative effect on labour activity among handicraftsmen was now abolished in favour of piece-rate, hour-and-bonus and share schemes.

In other words, in the first half of the 1960s, China's policy in respect of the handicrafts, their co-operation in particular, reverted to a point from which it had started before the "great leap forward". This means that Chinese propaganda of the 1956-60 period had been too quick to claim successful completion of "socialist transformation" of the handicraft industry. Much complicated work still lay ahead to complete the socio-economic reorganisation of small-commodity production, including its transition to large-scale modern production and a radical remoulding of the small commodity producers' mentality.

The handicraft industry has a fairly important role in China's economy. Since its modern industry has yet to reach a proper level, the handicraft industry is a major supplement to the light industry and some branches of the heavy industry. It does a great deal to provide the population, the peasants in particular, with consumer goods. In 1956, it produced 37 per cent of the consumer goods put out in the country, and employed 68 per cent of the labour power in the consumer sectors.¹⁹ In the first five-year period, the handicraft industry produced more than 20 per cent of the country's cotton prints, 30 per cent of paper, 45 per cent of leather footwear (1956) and 47 per cent of porcelain and ceramic goods (1956). The only figure available since then was reported by the Chinese press in 1963. According to those reports, handicraft products accounted for 17 per cent of nationwide sales.²⁰

Fragmentary data in the "cultural revolution" period show that in 1967, 1968 and, possibly, 1969, the handicrafts played

a greater role in supplying the population with consumer goods because the "cultural revolution" had a much lesser impact on the handicrafts than on the large-scale industry. Disruptions in centralised supply and also the "self-reliance" line enhanced the role of the local industry, the handicrafts in particular, in satisfying local demand in manufactured goods.

The repair of household articles and the services are largely handled by the handicraft industry, individual handicraftsmen and artisans above all. The handicrafts also provide farming with large quantities of simple implements and tools. In 1956 and 1957, they put out more than 430 million farming implements.²¹ Handicraft manufacture of simple implements increased to about 1,000 million in 1961 and 1962.²²

An extensive network for repairing simple farming implements and other tools is also being serviced by the handicraft industry. In 1964, for instance, 144,000 handicraftsmen in the towns and villages of Anhwei Province were engaged in such repairs,²³ with 8,100 specialised repair shops in the countryside alone. In this way, the absence of a broad enough network of specialised modern repair shops and factories is to some extent being compensated by handicraft repair establishments.

Handicraftsmen have also been producing considerable amounts of some means of production for industry, capital construction and transport. In 1957, they produced 6.5 million tons of coal, 77 tons of pig iron, 280,000 of sulphuric ore, 568 million square decimetres of light leather and 7,000 tons of heavy leather. From 1956 to 1967, they provided construction sites with 7,900 million bricks and tiles, 3.2 million tons of lime and 38,000 tons of steel sections. Handicraftsmen also produce various spare parts, components, mountings, fixtures, simple devices, castings, forgings and some chemical products. The handicrafts play a considerable role in the building of small chemical fertiliser plants, providing these with the necessary equipment. Handicraftsmen have even been involved in the electronics industry. One report said that in 1969 Shanghai had 20,000 handicraftsmen working in that sector.

An analysis of the Chinese press shows that over the past

10 or 12 years the handicrafts have been doing more to service large-scale industry, supplying it with various raw materials, semi-manufactures, metal products. The Chinese leadership has vigorously encouraged this tendency. This practice, however, tends to gear the handicrafts to the large-scale industry, to the detriment of the production of consumer goods and the everyday services.

The handicrafts also produce goods for export (handicraft art objects, silk fabrics, paper, objects for religious rites and ritual) and so help to increase China's export and foreign-currency resources. Thus, from 1950 to 1956, China's annual exports of handicraft art objects totalled over 330 million yuans. The foreign-currency receipts from these exports could be used to buy something like 1 million tons of rails in the world market. But the "great leap forward" and the "cultural revolution" gravely undermined the handicrafts' export sectors.

The handicrafts are also a source of accumulation for the needs of economic construction and military purposes. Chinese press reports said that in the first five-year period the handicrafts paid 2,000 million yuans' worth of taxes, many times over and above the state's material and financial support for the sector.

China's handicraft industry had a specific role as a source of employment and accumulation of a part of the country's surplus manpower resources. Thus, in the first five-year period it had 7-9 million professional handicraftsmen and artisans and 15-20 million peasant handicraftsmen. On the whole, the handicrafts provided the means of livelihood for 60-70 million people (including handicraftsmen's families), or more than 10 per cent of the country's population. By the end of the 1950s, the "great leap forward" policy had reduced that number.

By the mid-1960s, however, that number had gone up again to somewhere around the level of the end of the first five-year period. In 1963, for instance, the handicrafts employed about 20 million, 6 million of these as permanent and the rest as seasonal workers.²⁴

The Chinese leaders regard the handicraft industry as a basis for establishing new industrial enterprises and strengthening the existing plant and factory industry. The "great

leap forward" policy assigned a special role to the handicraft industry. During the cultural revolution and over the past few years, the Chinese leaders have displayed a fresh interest in the development of small-scale production, the handicrafts in particular.

¹ Estimated from *A Survey of the Individual Handicraft Industry in the Country in 1954*, Peking, 1957, p. 64.

² Chao Yih-wen, *The Industry of the New China*, Moscow, 1959, p. 14 (in Russian).

³ Estimated from *Jenmin jihpao*, September 17, 1959; Chao Yih-wen, *The Industry of the New China*, p. 154.

⁴ Fu Shi-hsia, *Socialist Transformation of China's Handicraft Industry*, Peking, 1956, p. 10.

⁵ *Ten Glorious Years*, Peking, 1959, p. 30.

⁶ *Ibid.*, p. 30.

⁷ *Second Session of the National People's Council*, Moscow 1956, p. 17.

⁸ Compiled from *Ten Glorious Years*, p. 30 and Chao Yih-wen, *The Industry of the New China*, p. 154.

⁹ *Ten Glorious Years*, pp. 16, 30.

¹⁰ By the end of January 1956, co-operative organisations involved about 50 per cent of all the country's handicraftsmen, as compared with 27 per cent at the end of 1955.

¹¹ Chih Lung, *Further Development and Transformation of the Handicraft Industry in This Country*, Shanghai, 1957, p. 5.

¹² Mao Tse-tung, *On the Correct Handling of Contradictions Among the People*, Peking, 1957, pp. 61-62.

¹³ See *Ten Glorious Years*, pp. 16, 30.

¹⁴ *Eighth National Congress of the CPC*, Moscow, 1956, pp. 304, 39 (in Russian).

¹⁵ *Ten Glorious Years*, pp. 14-15.

¹⁶ Hsiao Chium, *Boosting Metallurgy and Engineering*, Peking, 1958, pp. 13-14.

¹⁷ *Takung pao*, October 4, 1958.

¹⁸ *Jenmin jihpao*, September 17, 1959.

¹⁹ *Takung pao*, December 24, 1957.

²⁰ *Jenmin jihpao*, October 27, 1963.

²¹ *Kungjen jihpao*, July 18, 1959.

²² *Jenmin jihpao*, June 30, 1964.

²³ *Ibid.*

²⁴ *Ibid.*, April 19, 1968.

THE CLASS STRUCTURE OF THE PRC

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THE PRESENT-DAY CLASS STRUCTURE OF THE PRC. MAOISM ON CLASSES AND CLASS STRUGGLE IN SOCIALIST SOCIETY

The Essence of the Maoist "Doctrine" of Classes and Class Struggle in Socialist Society

Chinese Party and government documents and the Chinese press have summed up Mao Tse-tung's "contribution" to the Marxist-Leninist doctrine of classes and the class struggle under these five heads:

1. The classes that exist under capitalism—the bourgeoisie and the proletariat—disappear only after communist construction has been completed, so that the major antagonistic class contradiction under capitalism—that between the bourgeoisie and the proletariat—is not resolved under socialism, but remains until the building of communism is complete. It is an organic feature of socialist society and is its basic contradiction.

2. The class struggle under socialism between the bourgeoisie and the proletariat is continuous, at times becoming more bitter and violent. The struggle is objective and inevitable, and is that which determines the future of socialism. Depending on its progress, which is determined by the balance of forces and the proletariat's skill in waging the struggle, it can have two possible outcomes. The socialist revolution can be successfully completed only provided the proletariat, relying on its dictatorship, wages a constant and tireless class struggle against the bourgeoisie: that is the only way to eliminate the bourgeoisie and build a classless society. The opposite outcome, however, is also possible: the proletariat can be defeated and the bourgeoisie can restore its lost political domination. This would not only mean that communism would not be built, but also that the capitalist

mode of production would be restored. Consequently, even after socialist society has been built there is a real danger of capitalism being restored.

The authors of *The Dictatorship of the Proletariat and the Great Proletarian Cultural Revolution*, a booklet published in Peking, say this about Mao Tse-tung's "doctrine" of classes and class struggle under socialism: "Comrade Mao Tse-tung points out that, as in the past, socialist society is based on opposite classes and that the whole socialist period is shot through with a struggle between the two classes—the proletariat and the bourgeoisie—and a struggle between the two ways—socialist and capitalist. The struggle between the two ways and the two classes is the main contradiction of socialist society and is its motive force."

3. In the Soviet Union, Mao Tse-tung and his group maintain, the bourgeoisie has already gained the upper hand over the proletariat in their class struggle and has taken over power in the Party and the state. So, they say, the Soviet state has undergone a radical change: the dictatorship of the proletariat has turned into dictatorship of the bourgeoisie, and capitalist relations of production have already been substituted for socialist relations of production. The main reason for these changes lies in a mistake made by J. V. Stalin, who "failed to recognise in theory that throughout the whole historical period of the dictatorship of the proletariat, classes and the class struggle still exist in society, that the problem of 'who beats whom' in the revolution has yet to be finally settled, and that a wrong solution of the problem could make it possible for the bourgeoisie to restore its rule"⁴. Since upon Stalin's death the Soviet proletariat was still influenced by his mistake and did not display enough vigilance or wage a resolute enough class struggle against the bourgeoisie, the latter took over state power, did away with socialism, and restored capitalist society. The same applied to all the other socialist countries which failed to adopt or be guided by "Mao Tse-tung thought".

4. In contrast to the Soviet Union and the other socialist countries, any restoration of capitalism in China has been prevented and the socialist system has been preserved and is heading towards communism, which will be free of any classes or class struggle. This is also said to apply to Alba-

nia, whose government looks towards Maoism. China owes it to Mao Tse-tung that its socialism has been preserved, for he has been the only man able correctly to sum up the historical experience of the proletarian dictatorship in China, and also in the Soviet Union.

By advancing the Marxist-Leninist theory of classes, the class struggle, socialist revolution and proletarian dictatorship and putting it into practice in China, Mao Tse-tung has done a great service not only to the Chinese but also to the world proletariat. He is the only one to have safeguarded, in an extremely complicated situation, socialist society in his vast country and ensured its advance towards communism.

5. "The great proletarian cultural revolution" was a major episode in the class struggle between the proletariat and the bourgeoisie under the proletarian dictatorship in China.

It was initiated by Mao Tse-tung and carried out under his personal leadership. It has ensured the proletariat's victory over the bourgeoisie, which infiltrated the Party and taken over some of its leading posts.

Those are the basic principles of the Maoist "doctrine" of classes and class struggle in socialist society. These are bound up with the Maoist tenets concerning "permanent revolution" under the dictatorship of the proletariat, and the four contradictions of the present-day world, which were set out in the report to the Ninth Congress of the CPC in 1969. This means that the "problem" of classes and class struggle in socialist society has an important or even central role in "Mao Tse-tung thought".

The Methodological Principles of the Maoist Conception of Classes and Class Struggle in Socialist Society

Although Mao Tse-tung and his group have been making loud noises about Mao Tse-tung's "doctrine" of classes and the class struggle in socialist society being a "great development of the Marxist-Leninist theory of classes and the class struggle in the modern epoch", this doctrine does not in effect develop but revises Marxism-Leninism. The defects of the Maoist doctrine are embodied in these three principal features:

The first is that Mao Tse-tung's followers never miss the opportunity of stressing that their teacher has fully mastered materialist dialectics and is skilled in developing and applying it correctly to the modern epoch, socialist society in particular. They always stress, as a major scientific merit of Maoism, that in considering individual problems account is always taken of the specific features of historical epochs, periods and stages. Indeed, in some instances Mao Tse-tung does try to apply this general tenet of dialectical materialism, but in his elaboration of various aspects of classes and the class struggle in socialist society no account is taken at all of the specific features of the historical epoch. On this question his stand is completely metaphysical.

This is the chief methodological flaw at the basis of the Maoist conception of classes and the class struggle in socialist society and it is expressed above all in two fundamental mistakes. First, Mao Tse-tung ignores the distinction which in effect exists between the period of transition from capitalism to socialism and the period of the victory of socialism. Mao Tse-tung incorrectly ascribes to socialist society what relates only to the transition period. Second, Mao Tse-tung fails to reckon with the difference between the stages of two qualitatively distinct periods in the construction of the new, communist society. Thus, both the period of transition from capitalism to socialism, and the period of triumphant socialism have their stages, with their own specific qualitative features, which for their part also exert an influence on classes and the class struggle. Once the impact of all these qualitative features of the two periods and their different stages on classes and the class struggle is ignored, a number of interconnected and incorrect propositions arise, constituting in the aggregate the defective Maoist conception of classes and the class struggle in socialist society.

On these two propositions, for instance, are based the parts of the report at the Ninth Congress of the CPC and the article, "Great Historical Document" (written about the "Announcement of the CPC Central Committee" in May 1966), setting out and substantiating Mao Tse-tung's doctrine of classes and the class struggle in socialist society. They contain quotations from Marx, and especially Lenin, who said in some of their works that once the proletariat has taken

power and established its dictatorship, the class struggle does not cease but even tends to become more acute, assuming the most extreme forms, even developing to the point of fierce civil war. The above-mentioned article, for instance, said: "V. I. Lenin sees that even after the proletariat has taken power, the bourgeoisie remains stronger than the proletariat and constantly strives for restoration. At the same time, petty-commodity production constantly generates new capitalism and a new bourgeoisie, posing a threat to the dictatorship of the proletariat."²

"Quotations" of this kind from the writings of Marx and Lenin are to be found in considerable number in some works by Mao Tse-tung and his followers. This is the Maoists' way of seeking to "prove" the correctness of the Maoist "doctrine" of classes and the class struggle in socialist society. In themselves these statements are correct and do, indeed, occur in the writings of the founders of Marxism-Leninism. The Maoists' mistake is that they have taken these statements out of context and period. Thus, they have mechanically transferred what Marx and Lenin had connected with the period of transition from capitalism to socialism to another fundamentally different period, which is socialist society. Lenin had, indeed, spoken on many occasions about the constant emergence of a new bourgeoisie from petty-commodity production, but this also applied to the transition period and not to socialism, because in socialist society there is no petty-commodity production, and if some remnants remain (small-scale handicraft enterprises and the personal house-and-garden farms of collective farmers) they have a small part to play in the economy and cannot generate new capitalist elements.

Besides, it should be noted that the strength of the resistance put up by the politically overthrown class of capitalists and its struggle against the proletariat and the proletarian dictatorship differ from stage to stage in the transition period. In the early years of the socialist revolution, the bourgeoisie is still very strong and the class struggle is more intense. But gradually, as the socialist sector is enlarged and the capitalist and petty-commodity sector is narrowed down, the strength of the bourgeoisie weakens and the class struggle begins to die down. This

general rule does not exclude the possibility of class struggle breaking out again under definite conditions towards the end of the transition period and even in socialist society. Hungary and Czechoslovakia offer two historical examples.

Second, Mao Tse-tung and his group do not nominally deny the objective character of classes in socialist society.³ Indeed, they even seek to show, with reference to various objective features inherent in classes, that classes—the proletariat and the bourgeoisie, locked in a life-and-death class struggle—continue to exist throughout the whole period of socialism. But as will be shown later, these attempts have no scientific basis and clash with the Marxist-Leninist doctrine of classes. This will be seen from the fact that membership of this or that class—the proletariat or the bourgeoisie—is ultimately connected by the Maoists with a person's attitude to Mao Tse-tung's "thoughts". Those who do not accept them are declared to be a part of the bourgeoisie, and who do—of the proletariat. This subjectivist approach is being used by the Maoists in an attempt to "substantiate" their conception of classes in socialist society. The leaders of socialist countries refusing to accept Maoism are branded as revisionists, renegades and spokesmen for the bourgeoisie, and the countries themselves as capitalist. In China, leaders who share Mao Tse-tung's "thought" are regarded as spokesmen for the proletarian line, while those who do not are included in the bourgeoisie.

The third feature of the Maoist "doctrine" of classes and the class struggle in socialist society is an expression of the first two. Differences in the Party and in socialist society are declared to be differences between two opposite classes, and the struggle between advocates of different views to be a class struggle between the proletariat and the bourgeoisie. Let us recall that soon after the victory of the revolution in China differences appeared in the CPC on the basic questions of socialist construction. Mao Tse-tung and his group formulated and in 1957 imposed on the Party an erroneous, adventurist, Left-sectarian, nationalistic and anti-Soviet line in China's domestic and foreign policy. When it became clear that the attempt to carry out the "great leap forward" was a complete fiasco, with the economy in complete disarray, opposition to Mao Tse-tung

in the Party, headed by Liu Shao-chi, began to grow. The struggle between these two trends in the CPC was declared, in accordance with the Maoist view of classes and the class struggle, to be "the main antagonistic contradiction. The struggle to resolve this contradiction is a concentrated expression of the struggle between two classes—the proletariat and the bourgeoisie, between two ways—the socialist and the capitalist".⁴

This peculiarity of the Maoist "doctrine" of the class struggle in socialist society is directly connected with the personality cult, for any critical remark about a superior, Mao Tse-tung himself in the first place, is instantly branded as a statement by the class enemy, while the gross and roughshod methods used in putting down Party democracy are declared to be an expression of the class struggle between the proletariat and the bourgeoisie.

Do the Proletariat and the Bourgeoisie Exist in Socialist Society?

This question is fundamental to the principal distinctions between the two conceptions of classes and the class struggle in socialist society, the Marxist-Leninist and the Maoist.

According to the Marxist-Leninist theory, classes are large social groups whose existence is determined by definite historical phases in the development of production. The emergence and existence of the bourgeoisie and the proletariat is connected with the emergence and development of the capitalist mode of production. That is why the bourgeoisie and the proletariat are antagonistic classes which emerge and can exist only on the basis of capitalist relations of production. Once capitalism has been eliminated and socialism built, i.e., once all the means of production have been taken over from private into social, socialist property, the two classes that existed under capitalism become extinct. In carrying out the socialist revolution, the victorious proletariat eliminates not only its class enemy but itself as well, changing into a totally different working class, the leading force of socialist society. As the antagonistic classes disappear, objective prerequisites are created for a gradual disappearance of the class struggle in socialist society. Such, in general outline, is the Marxist-Leninist concept.

Mao Tse-tung's concept is total revision of the Marxist-Leninist theory of classes and the class struggle. He maintains that even after socialist society has been built, the bourgeoisie and the proletariat continue to exist within it as antagonistic classes, waging a bitter class battle up to the time communist construction is complete. The question here is whom the Maoists rank among the bourgeois and the proletarian class in socialist society. An answer to this question shows very clearly that Mao Tse-tung's concept is absurd.

Under socialism, the Maoists say, the bourgeoisie consists of two main groups: 1) the old bourgeoisie and 2) the new bourgeoisie. The first is said to include all those who once belonged to the capitalist class, the landowners, or the bourgeois intelligentsia. This means that bourgeois affiliation under capitalism is regarded as the main "objective" evidence of the existence of that bourgeois group under socialism. Moreover, the bourgeois class is now said to include persons who once belonged to different classes.

Since the existence of any class is due to definite historical relations of production, its existence comes to an end once these relations of production are eliminated. Once a slave-owner has lost his slaves and property, he is no longer a member of the slave-owning class, and a slave who has won his freedom and acquired means of production is no longer a member of the class of slaves. This proposition is also entirely true of the bourgeoisie and the proletariat as classes in general. If some members of the bourgeois class in a capitalist country are ruined and lose their capital, they, naturally, cease being members of the capitalist class, and join another class—the proletariat or, provided they retain some of their capital, the small bourgeoisie. It can also happen that under exceptional circumstances some individual proletarians move into the class of the petty and then of the big bourgeoisie. Why is it that whereas under capitalism any bankrupt capitalists, who lose all their means of production, cease to be members of the capitalist class, under socialism, where all the former members of the capitalist class have lost their means of production, they should still be regarded as capitalists solely on the strength of their pre-revolutionary class affiliation? The Maoists' absurd and

utterly unscientific ideas stand out most clearly in their vicious and altogether groundless anti-Sovietism and their attempts to prove the existence of a bourgeoisie in the Soviet Union. As everyone knows, the landowner class in the first socialist country was completely expropriated more than 55 years ago. The bulk of the urban bourgeoisie was expropriated more than 50 years ago, and the rural bourgeoisie—shortly thereafter. This means that the bulk of those who belonged to the old exploiting classes have by now died, whereas the rest have changed their class affiliation. But the Maoists ignore this and insist that not only this first but all the succeeding generations will belong to the capitalist class right up to the full construction of communism.

Moreover, the Maoists maintain that in socialist society a new bourgeoisie keeps emerging in these five main ways:

First, the heads of many state enterprises and institutions abuse their official powers, steal and plunder state property, in effect accumulating profits which go to improve their personal welfare. The Maoists believe that the heads of such state enterprises are converted into capitalists, and their workers—into proletarians. One pamphlet says: "The relations between these categories of men and the workers are converted into relations between exploiters and exploited, oppressors and oppressed."⁵

To back up the Maoist theses, the pamphlet quotes various items from the Soviet press about individual instances of the disclosure and punishment of criminals guilty of stealing social property. Such abuses, the Maoists say, have always happened and will continue to happen not only in the Soviet Union, but also in all the other socialist countries. These facts, however, show that those who abuse their official powers are prosecuted and punished by law. In the capitalist countries, on the other hand, the capitalists are owners of enterprises, and as such they employ workers, rule over them and exploit them. The capitalist state, far from punishing them for that, is even called upon to protect their class interests. The heads of enterprises and institutions in socialist society do not own the enterprises they manage and, as all the other employees, get a fixed state wage for their work. Any abuses by officials are brought to light and the culprits prosecuted and punished by the socialist state. Those whose

crimes have yet to be detected are not and cannot be considered capitalists, for the money they have amassed cannot be turned into capital, since all the means of production are held solely as socialist property.

Second, the Maoists cite the instances of collective farms whose executives together with their "accomplices" steal collective farm funds, thereby exploiting the farmers and becoming kulaks, while the rest of the farmers are turned into proletarians. There is no need to deal specially with this case for it is essentially no different from the first.

Third, the Maoists also rank among the new bourgeoisie various declassed elements, like thieves, bandits and swindlers who make money by illegal means. Of course, these criminal elements, like those under the first head, are prosecuted and punished by the socialist state, and those criminals who have yet to be exposed cannot turn into capital the valuables they have amassed.

Fourth, the Maoists ascribe the emergence of a new bourgeoisie to commodity-money relations, the existence of a private market and the fact that collective farmers and small handicraftsmen can sell their products and render small everyday services on the basis of freely fluctuating prices. One must bear in mind that in the socialist countries the private market plays an insignificant role, its prices are in effect regulated economically by the prices of state-produced goods, and the earnings from sales on this market are no more than supplementary to wages or workday earnings. In other words, this is more like the survival of some petty-bourgeois, rather than bourgeois elements, which cannot develop into a real bourgeoisie because they exist under socialism instead of capitalism.

The Maoists believe that a fifth—and the most important—source of the new bourgeoisie are the higher functionaries, whose privileged status, they say, is bound to make them bourgeois. This section of the bourgeoisie is said to include the higher functionaries of Party, state and collective farm establishments and enterprises. The pamphlet mentioned above, *Khrushchovian Pseudo-Communism and Its World Historical Lesson*, says: "This privileged section is the chief, basic section of the Soviet Union's bourgeoisie. The contradiction between this section and the Soviet people

is now the Soviet Union's chief contradiction—an irreconcilable antagonistic class contradiction."

What are the grounds for ranking among the bourgeoisie the leading Party, state, economic, scientific and cultural cadres of the Soviet Union and other socialist countries? The usual Maoist argument is that they are paid more than the average worker and carry out administrative functions. This particular question is interesting not only from a scientific, but also from a political standpoint, for it is not only the Maoists but also the bourgeois ideologists of the capitalist world who make demagogic use of this "argument" in their smear campaign against the Soviet Union, the socialist countries and the world communist movement. Although the "argument" is, of course, slanderous and untenable, the question needs to be analysed and elaborated in fuller detail; apart from criticism of the Maoist concept of classes in socialist society, this question requires an all-round and deep-going scientific elaboration on the basis of the general principles of Marxism-Leninism and the socialist countries' historical experience. Let us here confine ourselves to a few general remarks.

Any direct collective production or social activity inevitably requires men to perform the functions of overall administration and management. The same holds true for socialism, even more so than for all earlier social formations, for production here acquires much greater scope. As the productive forces and socialist relations of production go on developing, the role of leading personnel is bound to become increasingly important. The principle of the socialist mode of production—"from each according to his ability, to each according to his work"—as well as the socialist countries' historical experience, requires that in view of the particular importance of administrative functions, some functionaries, whose work calls for especially high skills, should be placed in more favourable conditions in respect of wages than other employees. Does that mean, however, as the Maoists claim, that the top functionaries are turned into a bourgeoisie, and the workers, collective farmers and intellectuals they administer—into proletarians? This is an utterly erroneous, unscientific proposition and has nothing to do with the Marxist-Leninist doctrine of classes. The basic distinction

between socialism and all the antagonistic class formations is that the men who perform all the administrative functions in production and society as a whole do not make up a privileged social class antagonistic to the rest of the population. This distinction stems from the very nature of socialist relations of production, under which top functionaries do not and cannot own any means of production. Their activity is systematically controlled by society, and those who fail to do their duty or abuse their powers as responsible office holders can be replaced by others.

Here the Maoists' main argument is totally subjective, for it is only where the top functionaries in China and other socialist countries do not agree with "Mao Tse-tung thought" that the Maoists rank them among the bourgeoisie, regardless of their wages. The socialist countries that do not look to Mao Tse-tung's "thought" are declared to be capitalist, and all their leaders—bourgeois. On the strength of this faulty, unscientific and subjective-idealistic method, the Maoists say that China and Albania are the only two socialist countries. In their opinion, the leading Party, state, executive and cultural cadres in the two countries belong to the bourgeoisie or the proletariat, depending on their views. The Mao group in China is proletarian, and those who hold different views are bourgeois. The struggle between the two is declared to be a bitter, antagonistic class struggle. In other words, the objective criterion (difference in wages) is in the final count totally obliterated, and the "bourgeois" nature of the top functionaries in the Soviet Union and the other socialist countries is established solely on the strength of their rejection of "Mao Tse-tung thought".

Mao Tse-tung's Effort to "Prevent" a Return to Capitalism in China

Mao Tse-tung's great achievement is said to be his effort "to solve the theoretical and practical problems of carrying on the revolution and preventing a return to capitalism in the conditions of the dictatorship of the proletariat".

The Maoists maintain that work by hand is an important way of preventing workers by brain, functionaries in par-

ticular, from being turned into bourgeois. Let us recall that it was the utopians who came up with the idea of combining mental and manual work as an important condition for eliminating the contradiction between the two, an idea the Marxist-Leninist classics accepted and developed. In the Soviet Union and other socialist countries there are various forms of combining mental and manual work on the basis of broad education, improvement of production and raising workers' skills to the level of those of the engineers and technicians. The Maoists' mistake is not that they have adopted and applied the idea of combining mental and manual work, but that they have debased an excellent idea and have been using it in their self-seeking interests to build up Mao Tse-tung's personality cult and to put down and destroy workers by brain who do not share his views or support his policy. For many years now, massive groups of educated men have been sent down to rural, mountain and border areas, a practice particularly widespread during the "cultural revolution". On Mao Tse-tung's specific orders, masses of educated people were sent down to the countryside or the border areas to be "re-educated" in the spirit of "Mao Tse-tung thought" by the poor peasants. They were made to do heavy manual work and to live in hard and primitive conditions. The official Chinese figure for the number of those "re-educated" by work over the past decade is 40 million. All this shows that instead of making a practical elaboration of the Marxist-Leninist idea of eliminating the contradiction between mental and manual labour, Maoism merely vulgarises it and uses it to terrorise and suppress any opposition, so hampering the development of the productive forces and socialist relations of production.

To "prevent the emergence of a new bourgeoisie", Maoist theoretical constructions provide for various measures which in effect do away with the working people's personal material incentives. The most important of these involve breaches of the socialist principle of distribution according to the quality and quantity of work, and also refusal to use various money-commodity categories of a socialist economy, like cost-accounting and profit which are necessary to create material incentives, increase production and develop the productive forces. The Maoists claim that by substituting gross

administration by fiat for material incentives, they are preventing the emergence of a bourgeoisie and a return to capitalism in China. In fact, however, as Marx pointed out in *A Critique of the Gotha Programme*, although the socialist distribution principle does give rise to some economic inequality between the members of a socialist society, this inequality is not class inequality and so cannot give rise to a new bourgeoisie. The new system of management and incentives in the national economy that is being successfully introduced in the Soviet Union, Bulgaria and some other socialist countries makes a working man's wages dependent on the profit of his enterprise, something that in fact results in a somewhat greater difference between the material levels of workers at different socialist enterprises. This creates greater material incentives for individuals and plants to improve the results of their work, but does not by any means increase the imaginary danger of the emergence of a new bourgeoisie.

Mao Tse-tung's greatest achievement in preventing a return to capitalism in China is said to be his effort to mobilise the masses for a bitter class struggle against the bourgeoisie, a struggle known as the "great proletarian cultural revolution", in the course of which the "bourgeois headquarters" headed by Liu Shao-chi was destroyed, thus preventing the proletarian dictatorship from developing into a bourgeois dictatorship.

The facts, however, are quite different. On the plea of waging an ever more intense class struggle against the bourgeoisie (which, in fact, continues to lead a comfortable existence in China, receiving interest on its capital) the Mao group has been fighting Party members and leaders who are against the Maoists' faulty and adventurist policy. The struggle is labelled a class struggle to provide theoretical justification for their gross trampling on Party democracy and spearhead Mao Tse-tung's personal dictatorship not against the actual bourgeoisie, but against the Party members who do not accept Maoism without reserve.

At present, Mao Tse-tung's "doctrine" of classes and class struggle in socialist society is being loudly and boastfully proclaimed to be a great advance of Marxism-Leninism. In fact, however, far from developing the Marxist-Leninist

doctrine, Mao Tse-tung makes its vulgar revision, which is aimed to give theoretical backing to the dirty and dishonest struggle to impose Mao Tse-tung's personality cult, entrench anti-Sovietism and justify the criminal splitting activity in the world communist movement.

¹ *Jenmin jihpao*, May 18, 1967.

² *Ibid.*

³ A pamphlet, entitled *The Dictatorship of the Proletariat and the Great Proletarian Cultural Revolution*, says: "Mao Tse-tung teaches that class struggle under socialism is an objective reality independent of men's subjective will."

⁴ *Jenmin jihpao*, May 18, 1967.

⁵ *Khrushchovian Pseudo-Communism and Its World Historical Lesson*, Peking, 1964.

Condition of the Chinese Working Class on the Eve of the "Cultural Revolution"

Socio-Economic Definition of the Working Class in the PRC

Lenin pointed out that "classes are large groups of people differing from each other by the place they occupy in a historically determined system of social production, by their relation (in most cases fixed and formulated in law) to the means of production, by their role in the social organisation of labour, and, consequently, by the dimensions of the share of the social wealth of which they dispose and the mode of acquiring it".¹

Taking that as a point of departure, Lenin proposed in March 1922 that the term "worker" should be defined "in such a way as to include only those who have acquired a proletarian mentality from their very conditions of life. But this is impossible unless the persons concerned have worked in a factory for many years—not from ulterior motives, but because of the general conditions of their economic and social life".² This requirement is of particular importance for China, but Mao Tse-tung and his men have never used these objective criteria to define classes in general or the working class in particular. Since 1956, they have taken an ever more open stand against these criteria. By now, they have reached the point of struggle against the Soviet Union, denying the existence of the world socialist system. Implicit faith in Mao Tse-tung and his "thought" and loyalty to his political line are now the decisive criterion for determining a proletarian. Leadership by the working class has now come to mean an ideological and political grounding in Maoism. The military-bureaucratic dictatorship, which was established in the course of the "cultural revolution", has been proclaimed to be "the power of the proletariat". In short, the Mao group's views have nothing to do with Lenin's definition of the working class. In Maoist terms, the proletariat does not make up any definite class or social group of men; it is a group with a mixed class complexion, whose members are said to have specific qualities and behaviour based on the Maoist view of men and society.³ This should

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The Chinese Working Class: Its Role and Condition in 1964 and 1965

The Chinese working class has a glorious revolutionary tradition. It has made an important contribution to the Chinese people's national liberation and social emancipation, freeing it of imperialism, feudalism and bureaucratic capital. It was the decisive force in establishing the material and technical basis of socialism at the start of socialist construction. But its development as the decisive and guiding force in the country's socio-economic advance was interrupted by the Chinese leaders' gradual change-over from 1956 onwards to an outright petty-bourgeois nationalist policy. Since then, their policy has been aimed against the Chinese and international working class.

Now that the PRC is facing the problem of which road to follow in the future, the question of the role and condition of the Chinese working class has become very important. A study of this question will help to single out and determine the decisive factor in the PRC's internal class struggle, for, in the final count, despite the present-day balance of forces in the country, the Chinese working class is still the decisive force in the struggle for the Chinese people's future.

A study of the question will also help to clarify what kind of objective and subjective prerequisites are necessary if the Chinese working class is to fulfil its historical mission, together with the international working class. The scientific results obtained in the course of such research would make it possible to offset Maoist ideological and political influence on the world revolutionary process.

be borne in mind in assessing official Chinese statistics and the development of the working class in the country. Present-day studies of the PRC's social composition use official Chinese figures for the period until 1958, and figures largely coinciding with well-grounded estimates—for later periods.

Table 1, apparently, includes groups and sectors, e.g., a part of the employees and engineers, whose working-class affiliation is doubtful.

Table 1

**Increase in the Number of Workers and Employees
Beginning from 1949 (million)***

Workers and Employees	Official Chinese figures				Estimate 1965/66
	1949	1952	1957	1958	
Total	8	15.8	24.5	45.3	30-35
Women	0.6	1.84	3.26	7	—
Production workers (apprentices excluded)	3	4.9	9	25.6	12-13
Engineers and technicians . . .	—	0.16	0.49	0.61	21-22
Office workers	—	10.7	15.0	19.1	—
Including those at production enterprises	—	—	4**	—	—
Ratio of those employed at production enterprises to other workers and employees	63:35	66:34	73:27	85:15	—

* *Ten Glorious Years*, Peking, 1959, p. 159, pp. 162-64; *China Today*, p. 102.

** Lai Jo-yu, "Report to the Eighth All-China Trades Union Congress", *Reminiscences*, Peking, 1957, p. 19.

Here is an answer to the question of social status—membership of the working class—in the PRC, formulated on the basis of Lenin's criteria. From now on, we shall regard this as a working hypothesis for research and discussion.

In 1964 and 1965, the Chinese working class included, first, production and transport workers in the state and mixed sectors, who made up about 3-4 per cent of the overall population. About half these workers had been employed in production and transport for ten or more years, but only a part of them were employed at the large industrial enterprises, in railway transport, and other sectors. These were

the workers whom Lenin had regarded as the nucleus of the working class and the major source of forces for a working-class Marxist-Leninist Party.⁴ The militant revolutionary traditions of the Chinese working class were particularly pronounced within this group. Most of its first generation members came from the peasantry and the urban petty-bourgeois sectors, and only a handful—from the former exploiting classes.⁵ Some workers were ex-servicemen, and worked in the strategically important industries of the national economy, like the Taching oilfields. Some of them were also employed in production and construction units at Sinkiang.

The Chinese leaders' line to develop small and medium industrial enterprises during the second five-year period, and also its urge to build up self-reliance sectors and enterprises led to a considerable increase in the share of small-scale production in the country's overall industrial production in 1964 and 1965. This meant that most of this working-class group was scattered among small and medium enterprises. The continued slide towards a petty-bourgeois nationalist policy in Party and state leadership had the effect of weakening the militant spirit of the Chinese working class.

Second, the working class included a part of the technical personnel and staff at state and mixed production and transport enterprises in social reproduction, whose functions were similar to those of production workers. These were a fairly small group in the overall number of employees. Apart from that, the working class also included the employees of state and mixed service and trade enterprises, and a part of the employees working in roughly similar conditions.

Third, the working class included a part of the functionaries in the Party and state apparatus, the trade unions and other mass organisations, who had a similar or identical social status with that of the workers. But after 1956, the objective function of the top section of the Party, state and economic apparatus gradually began to change. It was no longer an executive organ of the working class, but of the Chinese leadership, which was following a petty-bourgeois nationalist policy. By 1964 and 1965, its objective role in social development had changed markedly, so that it was, in effect, no longer a part of the working class, although

some of its members were still trying to act in the interests of the working class. Here are some other essential considerations.

In the 1950s, the Chinese working class was just emerging as the country's leading class. Up to 1956, the basically correct policy followed by the CPC and the people's democratic state, and the support of the international working class tended to stimulate that process, whereas later, the Chinese leaders' open switch to a petty-bourgeois nationalist stand interrupted the process and put it into reverse.

Implementation of the "both worker and farmer" slogan, first started in 1958 and renewed in 1964, reconverted a part of the working class into farmers.⁶ The enforced resettlement of millions of workers and their families to the countryside upon the failure of the "great leap forward" weakened the working class.

In 1964 and 1965, employees, above all those working at other than modern industrial enterprises, made up a very large share of the total number of workers and employees. In the early period, when the foundations of the large-scale modern industry were being laid, the share of production workers was on the increase, but after 1956 the tendency was reversed. That appears to have been largely due to the line for the development of small-scale production and the overall growth of the bureaucratic apparatus, reflecting the lack of scientific method and effectiveness in state and economic administration, and stressing the urgent need to simplify the swelling administrative apparatus and provide a better scientific groundwork for administrative work. A return to the political general line from which the Chinese leaders strayed in 1958 would be a decisive step in that direction.

The development of the Chinese working class in the 1950s produced a very large contingent of workers who were young and inexperienced, in political terms above all. This was a specific feature of the Chinese working class on the eve of the so-called "cultural revolution".

Finally, another feature was the very small share of women engaged in social reproduction, something that was a reflection of the low level at which social problems in China were being solved.

Ideological and Political Level of the Working Class

The essence and superiority of socialist democracy is that the working class and other working people are enabled to take part in government and to play a growing role in planning and the running of society. Lenin attached particular significance to the task of teaching the working class and other working people to run the state and the economy, for socialist construction is possible only provided the masses take an active practical part in state administration.

In countries like the PRC, where transition to socialism was started from semi-colonial, semi-feudal—in the main non-capitalist—relations, the difficulties are particularly formidable due to the country's overall economic, political and cultural backwardness. That is why from the very start especial importance attaches to the question of providing the working class with political education and special training for it to exercise its political rule, the dictatorship of the proletariat, and fulfil its historical mission. If the working class is to become really capable of government, its decisive task is to master scientific socialism under the guidance of its Marxist-Leninist Party, for Marxism-Leninism is the only possible theoretical basis for taking a lead in the socialist revolution and socialist construction.

During the PRC's close co-operation with the socialist community, Marxism-Leninism was being steadily introduced into the CPC and the Chinese working class. Still, it is hardly true to say that Marxism-Leninism was penetrating into the Chinese working-class movement in any broad or systematic way. That is why even in that period the rapid increase in the number of workers, who chiefly came from the peasantry and the urban petty bourgeoisie, led to a marked spread of peasant, petty-bourgeois and other non-proletarian ideologies and traditions among the Chinese working class. As all opposition aimed against the leaders' petty-bourgeois nationalist line was put down, as the line was unfolded in 1956 and developed into a blatant Great-Power hegemonistic anti-Soviet policy, various non-proletarian ideologies and traditions came to have a much stronger influence on the working class. The official press

had repeatedly to admit as much. Under pressure from Mao Tse-tung and his men, particularly after the Tenth Plenary Session of the CPC Central Committee, official propaganda was chiefly aimed to ensure the broad spread of Maoist ideology and the petty-bourgeois nationalist and splitting line. On the pretext of fighting various "bourgeois", "revisionist" and "degenerate" elements, the Maoists clamped down on the theorists and propagandists of Marxist-Leninist views, like Yang Hsien-chen and Feng Ting.

There was a growing volume of petty-bourgeois nationalist propagandas, which distorted Marxism-Leninism to justify and put a gloss on the official line. In other words, it is hardly true to say that on the eve of the "cultural revolution" the working class, led by the CPC, had any chance of acquiring a scientific, Marxist-Leninist outlook. Thus, in 1964 and 1965, the working class was not in the least united or powerful; the ideological and political level differed widely from one group or section to another. Later on, during the "cultural revolution", this state of affairs enabled Mao Tse-tung and his followers to set these groups and sections against each other and so to neutralise and paralyse the working class as a whole.

In the old industrial centres—Shanghai, Wuhan, Canton and the North-East—the Chinese working class had a politically conscious, albeit small, core. These workers met the brunt of the hungweipings attack against the CPC⁷ and kept to the time-tested traditions of the Chinese proletariat's class struggle and proletarian internationalism, particularly their feeling of friendship for the Soviet Union and other socialist countries. In 1964 and 1965, however, this politically conscious core was very weak and had little influence so that it could not produce any marked effect on the Chinese working class.

Skilled workers without adequate ideological and political training made up a much bigger part of the Chinese working class. With the bitter experience of 1959-62 still fresh in their minds, they could do little more than take a passive attitude of non-acceptance of the campaign to crush the opposition and discontented forces, merely refusing to accept or understand the Maoist realignment of class forces, the PRC's withdrawal from the world socialist system, the calls

for complete submission to that policy and an effort to sacrifice one's all for its sake.

In 1964 and 1965, the politically conscious core of the working class was unable to stir these workers and employees from their passive attitude. It could not offer them any clear-cut political programme or involve them in organised resistance to the Maoist forces, so that these workers reacted to the Maoist campaign by concentrating their attention on mastering machinery, fulfilling production plans and advancing their own material and social interests. Whenever they had to, they usually took a token part in the crash campaigns to study Mao Tse-tung's works and "thought". These were, apparently, the men who asked whether the workers could learn anything from the army, whether it was, perhaps, necessary to concentrate on production and devote less attention to the study of Mao Tse-tung's writings.⁸ The authorities replied that mere fulfilment of production plans was no criterion of sound political work.⁹ These were the men whom *Kungjen jihpao*, apparently, had in mind when it said that "a small part of the workers and employees seek a pleasant life".¹⁰

The ideological and political views of the young workers, most of whom had a definite cultural level, require special research. They were "energetic and strove to study and to master all that was new",¹¹ which meant, above all, that they sought to improve their skills and took part in the movement for technical innovation. In early 1964, most young workers, apparently, had a vague idea of the Maoist interpretation of the internal and the external situation and the class struggle. But making use of social demagoguery and nationalism, Mao Tse-tung's following managed to play up the petty-bourgeois ideology that was current among these workers and their lack of working-class training, and to set some of them against the Party and the class-conscious workers.

The situation was quite different among the broad masses of unskilled and poorly skilled workers throughout the country, who lived in very hard conditions and had direct links with the peasantry. These sections of the working class, misled by Mao Tse-tung's social demagoguery, particularly hoped that the political struggle would enable them to

improve their social and material status. At the start of the "cultural revolution", they put forward their demand and came out in support of the Maoist forces, who ranged them against their own class brothers and the trade unions, their own mass organisation.

Little else is known of the ideological and political views of this fairly large section of the working class on the eve of the "cultural revolution". Since these workers tended towards universal egalitarianism, it is clear that they were more or less in favour of the Maoist line to eliminate the socialist principle of payment according to work and the Maoist policy of social levelling.

In 1964 and 1965, this was, for instance, to be seen in the reports coming in from the mines and factories, which spoke of "difficulties" and "complications" in maintaining or introducing the socialist principles of payment according to work, like piece-rate schemes, or of a "forced" introduction of general, less differentiated payment by the hour.

The System of Working-Class Education and Vocational Training

If the Chinese working class was to be capable of exercising its power, illiteracy had to be wiped out. Lenin once said of Russia that "so long as there is such a thing as illiteracy in our country it is too much to talk about political education. This is not a political problem; it is a condition without which it is useless talking about politics".¹²

In 1949, the number of illiterate workers and employees in the PRC was roughly estimated at 70-80 per cent. Here are some official Chinese figures on education levels among the Chinese workers and employees in 1959 and 1965 (per cent; in 1959—for industry alone, and in 1965—for the total number of workers and employees. In 1965, from 40 to 50 per cent of all workers and employees were attending evening courses):

	1959	1965
Illiterates	20-30	20
Six-year primary education	50-60	67
Secondary education	20-30	13
Higher education	1-2	...

A comparison between 1959 and 1965 shows that over the six years there had been little change in the Chinese workers' and employees' education levels, something that was quite in line with the overall state of affairs in China's educational system. Since the quality of general education at the evening courses was very low and a great deal of time went into the study of Mao Tse-tung's works and "thought", one may well say that in 1964 and 1965 the state of affairs in education was even worse than that indicated by the figures above.

The first reform of the education system in 1951 did not affect vocational training. Some changes began to be carried out only when the country started laying the economic foundations of socialism. With the assistance of the Soviet Union, which trained many workers, technicians and engineers for the modern industrial enterprises it was building in China,¹³ the country scored in the course of the five-year period (1953-57) its first successes in organising vocational education and the training of skilled workers. A number of vocational schools for training modern specialist workers was established throughout the country.¹⁴ Still, in 1957, vocational education was only in its initial stage. Official Chinese figures show that from 1949 to mid-1959, only 5 or 6 million new industrial workers acquired special training. Most had one to three years of practical instruction and training under senior, experienced workers. In other words, in mid-1959, something like 11 or 12 million workers, i.e., half the workers in industry, were in the main unskilled.

The state of affairs in vocational education and the training of skilled workers did not change until 1964. Here is a rough outline for 1964 and 1965.

Most of the workers were unskilled or poorly skilled. In the coal industry, for instance, more than 50 per cent of the workers lacked "basic systematic knowledge and training in the fundamentals of their profession", so that, according to the official estimate, the "technical level and the effectiveness of labour could not be raised rapidly enough". Under the plans of the Ministry of the Coal Industry, several hundred thousand workers and employees were to be trained in 1965 at short-term courses off the shop-floor, "later

to be used as the core of an all-round development of technical training".¹⁵

Most skilled workers were trained only by foremen at medium and small enterprises in all the industries except the heavy industry. Refresher courses were usually held at factories in the evening and their level was not very high.

A small percentage of workers were trained at vocational specialist-worker schools, established during the first five-year period, or at technical schools run by the factories on the "half-time work, half-time study" principle ("half-half schools"). Such schools were established at enterprises in the heavy industry (like the Wuhan metallurgical combine) and at modern enterprises (like those in Tientsin), which in 1964 and 1965 employed almost exclusively those who had completed the first stage of the secondary school.

In 1964 and 1965, to enable broad masses of workers and employees to deal with technical and economic problems in production, many enterprises organised practical technical courses with one or two hours a week.

In 1963-65, after the country had gone over from rehabilitation to the further development and modernisation of industry, and also to the intensive build-up of a strategic military capability, the Chinese leaders began to devote more attention to universal education and the vocational training of workers and employees. Liu Shao-chi's and Mao Tse-tung's supporters urged the spread of "half-half schools". Thus, in 1965, one in 56 production workers in Kwangchow and Shanghai was attending a "half-half school". These technical schools were meant to train "new-type workers" for industry, transport, the finances, the health service, and so on, and to provide a technical manpower pool for industry, farming and construction. Their graduates were usually employed as second, third or sometimes fourth-grade specialist workers or as lower technical administrators. Here are some figures on the "half-half schools" in various towns and provinces:

Number of schools	Attendance
Kiangsu	— 10,000 (1964)
Kiangsi	28 3,500 (July 1965)
Hopei	177 52,027 (September 1965)
Liaoning	83 10,000
Shanghai	386 49,000 (including special secondary schools)

In 1964 and 1965, "half-half schools" at the enterprises, undoubtedly, played an important role in helping to make the special technical training of production workers better and more rapid, although the overall political line and the political struggle made their work most unsteady.

The Material and Social Condition of the Working Class

After 1949, the main changes in the material and social condition of the Chinese working class took place chiefly in the first five-year period. After 1958, the material and social gains of the working class, as well as all the other working people, far from being increased, were put under various objective and subjective limitations and even to some extent eliminated as a result of the Chinese leaders' policy.

In 1965, the monthly wages of skilled workers averaged 60-65 yuans (Table 2).¹⁶

The following specifics appeared on matters of wages and bonuses in 1963-65. First, the average wage of workers and employees at many enterprises in the light industry was much higher than that in the heavy industry. Second, bonuses were gradually being abandoned as a material incentive for raising the productivity of labour. Material bonuses were being reduced or distributed on the egalitarian principle, but could not be abolished altogether since the workers had a high economic interest in maintaining them.

Under pressure from the Maoist forces, material incentives provided for under the eight-grade wage system for industrial workers, which had a difference of 100 yuans between the first and the eighth grades, were being increasingly reduced.

This tendency in respect of wages and bonuses first began to emerge after the Ninth Plenary Session of the CPC Central Committee in 1962. Further on, it can be traced through the debates on living standards which took place in late 1962 and early 1963 in connection with a play entitled *Never Forget This!*, which advertised the images of Lei Feng, Wang Tseh and others, the debates for and against bonuses carried on in 1964 and 1965 in *Kungjen jihpao*, organ of the All-China Federation of Trade Unions, and subsequently the struggle against "counter-revolutionary

Table 2

Average Wages in Various Industries and Different Parts of the Country in 1963-66 (yuans)

Enterprise	Year	Average wage	Bonuses
2nd Textile Mill, Shanghai	1963	75	Three stages. For fulfilment of plan in quality and quantity, and also for consciousness
Grinding-tool Factory, Shanghai	1963	53	For fulfilment of plan, quality, observance of safety rules and consciousness. For 80-90 per cent of the workers
Chemical Plant, Wuchin	1963	65	6 yuans a month for most employees
Weaving Mill, Hangchow	1963	72	Per-hour and piece-rate schemes
1st Spinning Mill, Wuchin	1965	52 (piece rate)	An average of 4 yuans a month for overfulfilment of work rates, 4 yuans for special successes in emulation
Diesel Engine Works, Wuchin	1965	54	Per-hour scheme
Bicycle Factory, Shanghai	1965	71	Nearly 10 per cent of the wage fund, an average of 8-9 yuans for fulfilment of production plan in quantity and quality
Cable Factory, Shenyang	1966	63, 60	Bonus converted into permanent additional pay for all hands
Standard Parts Factory, Shenyang	1966	55	6 per cent of the wage fund, an average of 4-6 yuans, for fulfilment of plan for nearly all hands
Wool Spinning Factory, Shenyang	1966	60	
High Pressure Pump Factory, Tientsin	1966	over 60	
Steel Works, Wuchin	1966*	65	An average of 4 yuans for all hands, but not for executives, "so as to narrow the pay gap between them and the workers and the other employees"
Diesel Engine Works, Wuchin	1966	50-60	In November 1965, bonus abolished and incorporated in wages

Enterprise	Year	Average wage	Bonuses
Boiler Works, Kwangchow	1966	over 70	In July 1966, bonus abolished and incorporated in wages
Motor Works, Kwangchow	1966	68 (average of all on payroll)	In April 1966, bonus abolished and incorporated in wages
Paper Factory, Kwangchow	1966	75	An average of 5-6 yuans a month

* Figures above relate to 1966 before the start of the "cultural revolution", below—those after the start of it.

economism" in the course of the "cultural revolution". It was no accident, as one could assume at first sight, that up to the end of 1965 the central organ of the All-China Federation of Trade Unions continued to publish statements by those who wanted the material bonus system retained.¹⁷

But as the influence of the Maoist forces on the eve of the "cultural revolution" continued to grow, there was a steady tendency towards evening out material living conditions at a low level. Whereas the wages of workers and employees virtually did not change after 1958, the basic food and consumer prices went up considerably. When dealing with the material condition of the working class, one should bear in mind that some of its groups and sections did not have any permanent employment and, consequently, no confidence in the future. This applied, above all, to so-called workers under contract, who were employed to do a particular job over a definite period and who could be ranked among the working class only in part.

With the collapse of the "people's communes" and "great leap forward" policy in 1964-65, many workers and employees lost their jobs and again there was unemployment in the towns.¹⁸ In these conditions, "workers under contract", apparently, made up a fairly large group among the unskilled and poorly skilled workers, like those in the chemical, textile, coal and building industries, and also in various departments and establishments. Thus, in late 1967, the Peking radio broadcasting network still employed almost

500 "workers under contract".¹⁹ At the start of the "cultural revolution" the Mao group branded "work under contract" as a bourgeois practice,²⁰ but subsequently retained it. Workers in the system did not have to take part in "workers' teams for the propaganda of Mao Tse-tung thought".²¹

From 1951 onwards, some workers and employees enjoyed social insurance benefits, but "workers under contract" did not. As compared with the permanently employed workers, they had fewer social, as well as political, economic and cultural advantages. In their draft Rules for the system of hiring workers under contract, the Wuhan workers put forward the urgent demand that "the workers under contract who suffer from production accidents or occupational diseases, or who fall ill after working for more than a year at one and the same enterprise, should receive security benefits and must not be dismissed from that enterprise".

One of the earlier gains of the Chinese working class was that under the laws of 1951 and 1953 a small part of the industrial workers and employees were being provided with old-age pensions (50-70 per cent of their wages). We do not know what happened in this area in 1964-65 and later, but some individual instances show that old-age pensions were in fact being paid out.²²

In 1964 and 1965, rents paid by workers and employees amounted to about 3-5 per cent of their monthly income, but their housing conditions were mostly primitive.

Primary and secondary schooling for workers' children cost them as much as, for instance, members of the national bourgeoisie (with only a few exceptions, where tuition charges were waived). In 1964, primary education in Kiangsu Province cost 12 yuans (and another 10 yuans for textbooks), and state secondary education—24 yuans (and another 12 yuans for textbooks). Under this system, it was not only the mass of poor farmers, but also workers with wages below the average who found it very hard and almost impossible to send their children to school. (Among the 40 per cent of school-age children who did not attend classes, many came from these social sections).

In 1964 and 1965, nurseries and nursery schools were so few that they did not have any considerable role to play. One small exception were nurseries at some large enter-

prises, in the textile industry in particular, where working women made up a relatively large group.

Summary of the Analysis of the Condition of the Working Class

In 1964 and 1965, the Chinese working class was weaker in political, ideological and organisational terms than at the end of the first five-year period. That was chiefly due to the growing influence of the petty-bourgeois nationalist line and also the Mao supporters' efforts to splinter and divide the working class. As a result, the Marxist-Leninist training and education of the working class virtually ceased, and there was a wide spread of peasant and petty-bourgeois attitudes, chiefly in the form of nationalism. In 1964 and 1965, the workers' and employees' occupational and special skills were at about the same level as in 1958 and 1959. There was also a stronger feeling of social insecurity among them. Most of the working class had not received any long-term training or tempering.

In 1964 and 1965, the bulk of the working class was not aware of its historical mission and did not realise who was its true international class allies. By 1965, the social differentiation among the workers had become much more pronounced, and there were considerable political, ideological, economic and cultural distinctions between their various groups and sections. On the eve of the "cultural revolution" proletarian class solidarity was on the whole very weak, with the interests of some groups and sections of the working class being opposed to the interests of the class as a whole. In other words, at the start of the "cultural revolution" the Chinese working class, deprived of its Party, was already incapable of acting as a class in itself, something that made it easier for the Maoist forces to carry out their political coup in the form of the "cultural revolution". Unfortunately, it is impossible strictly to define the inner sections of the Chinese working class in 1964 and 1965 or to give them a clear and all-round assessment.

A knowledge of the objective present-day tendency in the PRC's economic development and in the world as a whole warrants the conclusion that a part of the Chinese

working class employed in the decisive economic sectors, which are the most promising in scientific and technical terms, will have a paramount influence on the further shaping of the Chinese working class. As modern large-scale industrial production develops, this part of the working class will broaden its positions in the social reproduction process and come to occupy an appropriate place in the country's social life.

The condition of workers and employees at large modern enterprises before and during the "cultural revolution" at the same time confirms the old truth that the development of modern large-scale production as such does not in itself give rise to a working class adequate to its historical tasks. For that to happen, in the PRC in particular, there is need for a massive spread of Marxism-Leninism within the working class. This requires above all a Marxist-Leninist Party, which is the only force capable of restoring and guaranteeing the necessary unity, solidarity and militant spirit of the Chinese working class.

Role of the Working Class in Chinese Society in 1964-65

Role and Condition of the Working Class in the Social Reproduction Process

The role and condition of the working class in social reproduction is characterised by the fact that industry provides roughly two-thirds of the country's overall production. Here, one has to bear in mind that China's farming is extremely backward in technical and labour productivity terms. In 1964 and 1965, the working class put in a great effort into the economy, largely redressing the grave effects of the "great leap forward" and laying a relatively favourable material and technical groundwork for a third five-year period. By late 1964 and early 1965, workers and employees were again showing much vigour in the attempt to boost and develop production, launching the movement to "emulate advanced workers, learn from them, catch up with them and help lagging workers" and the movement "for a technical revolution and technical innovation".²³

This tendency was interlinked with the fact that upon the failure of the "great leap forward" a part of the "old" leadership still kept to a sober line in the country's economic development and reckoned with the working people's material interests, which helped gradually to restore the economy and to some extent to improve working and living conditions for most of the workers and employees.

A study of the condition of the working class in 1964 and 1965 shows that its rights and duties as a socialist owner were only nominal. Social appropriation under socialism is based on socially balanced regulation "of production upon a definite plan, according to the needs of the community and of each individual",²⁴ and also on the conscious use of economic laws. Insofar as the official petty-bourgeois nationalist line gradually gained ground after 1965, that process was being upset and distorted, so that by the start of the "cultural revolution", when socialist state power had been weakened, the operation of socialist economic laws had already been limited and was then undermined still further.

The workers' and employees' production vigour was due to various factors: a small working-class core took the right class attitude to political power and social property, but most workers and employees were at the time increasingly concerned with their personal interests. The latter tendency was also fuelled by the fact that from 1958 onwards their social position had been worsening, and also by the influence of peasant small-proprietor ideology, nationalism and, to a certain extent, Maoism.

Attitude of the Chinese Leadership to the Role of the Working Class

After 1964 and 1965, the working class's role in social reproduction could have markedly increased had the Chinese leadership after 1956 continued and developed its earlier, on the whole correct, policy to lay the foundation of socialism. But the petty-bourgeois nationalist policy it followed after 1956 was directly aimed against the working class's leading role.²⁵ Here are the main effects of the policy up to 1963 and 1964:

— The weakening of the Marxist-Leninist proletarian

forces within the CPC and the people's democratic state, and the pushing of the Party and the PRC towards an ever more intensive struggle against the Marxist-Leninist unity of the world communist movement and against the socialist community of states led by the Soviet Union.

— The course of events after the failure of the "great leap forward" led to differentiation in the then Chinese leadership over the ways and means to continue the petty-bourgeois nationalist line. The forces who wanted a basically socialist domestic and foreign policy were again active.

— The differentiation within the Chinese leadership also had an effect on its attitude to the working class. In the light of the subsequent clashes in the "cultural revolution", the following tendencies were evident in 1964 and 1965. The Mao group now pursued a more pronounced line, seeking to rely on the "revolutionary army" so as to secure a dominating position, gain control over the working class and gear its activity to the Maoist policy. With that aim in view, the poorer peasants were deliberately restored to their old social role. The Maoists' views of the working class had a vivid reflection in the "Industry Learns from Taching" slogan, the virtual restriction of the working class's role to production in a definite area and the attempts to even out the socio-economic distinctions between the workers and peasants at a low level by linking up industry and agriculture on a primitive basis. So, Mao Tse-tung's policy in fact regarded the workers and employees as mere producers.

Liu Shao-chi and his adherents took a somewhat different stand in respect of the working class, maintaining that the struggle against the Marxist-Leninist forces should be waged above all in the international arena, and that there was need to attack the policy and positions of the CPSU as the leading force of the international communist movement. Domestic policy, they believed, had to reinvigorate all the forces and concentrate them on rapid economic development to provide a basis for the spread of China's international influence. These forces had their main backing within the CPC apparatus. They recognised to some extent the political role of the working class and came out for abiding by the workers' and employees' material, social and cultural interests, and also for developing some forms of democracy. Still, they

had not discarded the principles of petty-bourgeois nationalist policy and in 1965 and 1966 increasingly gave in on the question of the working class's role to mounting pressure from the Maoist forces. Their essential urge to hold on to their petty-bourgeois nationalist positions in important matters, and their political inconsistency, particularly in respect of any possible allies against the Maoist forces, were objective factors that helped to bring about the social crisis in China and eventually resulted in their downfall.

The Working Class's Role in the CPC

There are no precise figures on the CPC's social make-up on the eve of the "cultural revolution". Moreover, no official figures have been available from 1957 onwards. There are some indications that following the Eighth Congress of the CPC in 1956, the share of workers among Party members was further reduced. Once the pre-1956 terms of differentiated enrolment in the Party had been abolished, the share of workers among Party members, according to official data, went down from 14 to 13.4 per cent in one year alone, from 1956 to 1957 (Table 3).

Table 3

The CPC's Social Make-up in 1956-57*

Year	Over-all membership (mill)	Workers mill	%	Intellectuals		Peasants		Others	
				mill	%	mill	%	mill	%
1956	10.7	1.5	14	1.2	11.2	7.4	69.2	0.6	5.6
1957	12.7	1.7	13.4	1.8	14.2	8.5	66.9	0.7	5.5

* Eighth National Congress of the CPC, Vol. 1, Documents, Peking, 1956, p. 209; Teng Hsiao-ping, Report on the Movement to Improve the Style of Work, Peking, 1957, p. 27.

At the same time, the share of intellectuals within the Party went up from 11.2 to 14.2 per cent, exceeding working-class membership both in relative and absolute terms. Peasants made up two-thirds of the Party. Various reports confirmed that tendency, particularly in 1960-61 and

1964-65, when CPC membership was most fluid in view of the numerous purges and fresh enrolment.

On the eve of the "cultural revolution", there were distinct signs of a further weakening of the CPC's proletarian core. Thus, something like 80-85 per cent of the reports and articles in the central and local press dealt exclusively with questions of new members joining the Party in the countryside. There were many more reports of enrolment in the CPC of peasants, students, servicemen and members of the former exploiting classes than of workers. The attitudes of old and new CPC members in 1965-66 were no longer being sized up on the strength of the Party Rules, which had been adopted at the Eighth Congress of the CPC in 1956 and had proclaimed Marxism-Leninism as the basis of its activity, but unconditional acceptance of "Mao Tse-tung thought" and compliance with Maoist policy after the example set by Lei Feng and Wang Tseh.

All these data clearly show that even before the Eighth Congress of the CPC in 1956 there was no intention of drawing industrial workers into the Party, and after 1958, under the influence of the petty-bourgeois nationalist line, that tendency was even more pronounced.

To sum up, in 1965 and 1966, the working class was, undoubtedly, not very important in the CPC's social make-up. With the development of a downright petty-bourgeois nationalist policy, the petty-bourgeois forces, which were predominant in the CPC's social make-up, began to have a dire effect on the Party, above all the Party organisations in the countryside and the bulk of the Party members.

Role of the All-China Federation of Trade Unions

Here are some figures concerning the number of trade unionists among the workers and employees (million).²⁶

Various differences in Party, state and economic bodies over the establishment, role and purposes of trade unions as a mass working-class organisation already began to emerge at the Eighth Congress of the CPC in 1956. In 1958, the board of the All-China Federation of Trade Unions was purged of those who opposed the then Chinese leadership.

	1949	1952	1957	1958	1965
Number of workers and employees	—	15.8	24.5	45.5	30-35 (estimated)
Trade union membership . . .	2.37	10.06	16.36	17.4	20.8

From 1957 to 1963, the official trade union apparatus was deliberately restricted in its political role and was, at any rate in part, out of touch with the working-class masses.²⁷ As industry was being restored and developed, the Chinese leaders used the trade unions to exercise their ideological and political influence on the masses of workers and employees.

Developments within the trade unions in 1964-66 give a good idea of the political struggle within and around the working class. The trade unions, apparently, had quite a few experienced men in the lower and medium echelons, who did not understand or refused to accept the Mao Tse-tung supporters' petty-bourgeois nationalist policy aimed against the Chinese and the international working class.²⁸

Thus, *Kunjen jihpao* for April 30, 1965 wrote that in 1963 and 1964 Liu Shao-chi's supporters had been largely in control of the central trade union apparatus and had sought to use the trade unions to carry out their own economic policy. They had regarded the trade unions as a "cornerstone of the dictatorship of the proletariat" and a "school of communism", but, like the Maoists, they had also wanted trade union organisations to be purged of all progressive opposition elements.

The 1964 trade union conferences were a Maoist attempt to gain more influence in the unions. Upon the massive establishment of political sections in industry and transport in 1964 and 1965, the Maoists also gained control over the trade union committees at the enterprises. But despite their greater influence in the trade unions on the eve of the "cultural revolution" they still, apparently, had not achieved their goals in full. The unsatisfactory state of affairs in the trade union leadership and their inadequate reliance on the working

class were the two decisive factors that made it easy for the Maoists swiftly to crush the trade unions in the course of the "cultural revolution".

Role of Workers' and Employees' Production Conferences

Following the Eighth Congress of the CPC in 1956, there was a decision that conferences of workers' and peasants' delegates at the mines, factories and other enterprises were the major form of their participation in management. In 1964, the Chinese leaders began to devote even more attention to production conferences, aiming to "launch a thorough movement for the boosting of production, economies and better quality of goods and to revolutionise production management".²⁹

The effort to vitalise the workers and employees and make them more active emphasised the significance of delegates' conferences in effecting the "development of democracy" and "more democracy in production" slogans.³⁰

The report on the livening-up and democratisation of delegates' conferences at the Hsechiang sewing-machines factory in Shanghai gives an idea of the concrete state of affairs in the country. Production conferences here were in effect reinstituted in 1965, after long preparation that was to make it possible "during the delegates' conferences to build an ideological basis for introducing democracy" and to encourage the delegates (rather than the workers' masses) "boldly to raise questions, voice criticism, introduce rational proposals and have enterprise management improve their work". The development was "gradual and irresolute". The management had to deal with "the numerous concrete problems of life and everyday work" brought up by the workers at the first delegates' conference. It was only the third conference that dealt with questions of improving quality, the management's style of work, and so on.³¹

The central trade union paper cited the Hsechiang Conference as a typical example, something that suggests definite conclusions on the overall situation at the time. It sometimes happened, however, that class-conscious workers succeeded in holding delegates' conferences in the spirit of the Eighth Congress decisions.

Conclusions

As a result of the Chinese leadership's petty-bourgeois nationalist policy even before the "cultural revolution" there was an obvious discrepancy between the working class's contribution to society's material welfare and its political role

¹ V. I. Lenin, "A Great Beginning", *Collected Works*, Vol. 29, p. 421.

² V. I. Lenin, "Conditions for Admitting New Members into the Party", *Collected Works*, Vol. 33, p. 257.

³ As a model, the Chinese leaders have been urging the people to look to Lei Feng, Wang Chin and the Taching oil workers. Here is how people are called upon to behave: they must show implicit agreement with Maoist policy and ideology, petty-bourgeois nationalism and Great-Power chauvinism, and the urge towards hegemony and anti-Sovietism; they should show self-denial as individuals, be unpretentious, be ready to make sacrifices, and have the utmost desire to attain Maoist goals.

⁴ In March 1922, V. I. Lenin proposed a probation period of six months only for those workers who had actually been employed in large industrial enterprises for not less than ten years. A probation period of eighteen months was to be established for all other workers. (See V. I. Lenin, "Conditions for Admitting New Members into the Party", *Collected Works*, Vol. 33, p. 254.)

⁵ Chairman of the All-China Federation of Trade Unions, Lai Jo-yu, said in this context in late 1957: "Only 32 per cent of our 13 million industrial workers and employees were workers before liberation. Of the 68 per cent of new workers, over half are of peasant origin or come from among the students and city poor... Of the new workers, about 3 per cent originally come from landlord, rich-peasant or capitalist families, Kuomintang police or military units, or were loafers" (Lai Jo-yu, "Report at the Eighth All-China Congress of the Trade Unions", Peking, 1958, p. 49).

⁶ In our opinion, the bulk of the workers of peasant origin have yet to be assimilated into the working class, so that they cannot as yet be ranked among the workers proper.

⁷ A letter from the workers of Shanghai's Second Textile Mill of September 2, 1966 said: "At present, there suddenly appear people who are prepared to bombard the city Party committee. Who are they? Class enemies are the only ones who would want to do that. We feel ourselves closely linked to the Party and can never agree with such action. Bombardment of the city committee is a downright reactionary act."

⁸ *Peiping jihpao*, March 10, 1965.

⁹ *Liaoning jihpao*, March 5, 1965.

¹⁰ *Kungjen jihpao*, February 19, 1965.

¹¹ Lai Jo-yu, Report at the Eighth All-China Congress of the Trade Unions, p. 49.

¹² V. I. Lenin, "Second Congress of Political Education Departments", *Collected Works*, Vol. 33, p. 78.

in Chinese society, a discrepancy Mao Tse-tung's supporters deliberately increased.

In 1964 and 1965, the working class's positions in the CPC and the country's political affairs were greatly weakened. In

¹³ The assistance was rendered by Soviet specialists in the PRC, and also through the training of Chinese specialists in the Soviet Union. From 1949 to 1962, more than 10,000 Chinese engineers, technicians and workers were trained at large Soviet enterprises.

¹⁴ According to incomplete Chinese statistics, in 1952 China had 22 workers' schools of this kind, and in 1957 it was intended to build 140 schools for 119,000 students.

¹⁵ *Jenmin jihpao*, August 23, 1965.

¹⁶ This wage will buy food for four adults in the towns, two or three pairs of leather shoes, or two-fifths of a bicycle, an indication of the low living standards of the Chinese worker.

¹⁷ *Kungjen jihpao*, November 19, 1965.

¹⁸ In Shanghai, for instance, a special employment agency was set up in the second half of 1960. It offered work at the rate of 1.3-2.3 yuans a day wherever there was a demand for workers. Thus, women were engaged to pull carts, getting no more than two yuans a day for the heavy work, but even this kind of work could not be had every day. Special agencies for unemployed young people aged 13-25 were set up in Taliang and later, in 1965, were reorganised into "manpower reserves strongpoints", where young people were brought together first for unpaid and then paid work and, as a rule, were resettled in the countryside (see *The Technical "Half-Half Schools" Experiment*, p. 14).

¹⁹ See Tsiang Ching's speech before the Peking "hungweipings" on December 18, 1967.

²⁰ *Ibid.*

²¹ *Ninghsia jihpao*, September 4, 1968.

²² *Hupei jihpao*, April 25, 1964.

²³ According to Chinese estimates, confirmed by other sources, the first of these movements, which in 1964 involved only a small part of the workers and employees in some major cities and industries, in the first half of 1965 reached a higher level, spreading to other industries and smaller towns. *Anhui jihpao*, August 28, 1965, wrote that the number of innovation proposals introduced in industry reached 14,000. *Yunnan jihpao* for August 31, 1965 wrote that 8,509 proposals had been introduced at 143 industrial enterprises in the provinces.

²⁴ F. Engels, *Anti-Dühring*, Part III, p. 332.

²⁵ A characteristic feature is that apart from the 1950 trade union law and the 1954 Constitution there is no law establishing the role of the working class in government and its participation in social planning, administration and control.

²⁶ *Chungkuo Kungjen*, 1958, No. 4; *Hsinhua panyuekan*, 1956, No. 9; *Kungjen jihpao*, May 1, 1959; *Peking Review*, 1965, No. 18, p. 22.

²⁷ In early 1965 in his report on trade union work in Fukien Province, Chairman of the provincial trade union federation, Ho Ping, said

other words, on the eve of the "cultural revolution" the working class was even less capable than in 1956 of playing the leading role in the PRC.

that up to then grass roots functionaries had been chiefly engaged in "collecting dues and distributing cinema tickets" (see *Kungjen jihpao*, February 19, 1965). The Shanghai Congress of Trade Unions in February 1964 stated that the local trade union no longer had any truly massive basis (*Chiehfang jihpao*, February 3, 1964).

²⁸ In its editorial on the Fourth Trade Union Conference of Szechwan Province, *Szechwan jihpao*, said: "Many trade union functionaries do not realise full well—or at all—the grave and complicated nature of the class struggle and particularly the class enemies' methods in internal construction. They do not see that the class struggle has been reflected in the trade unions... Even trade union functionaries who have taken part in the revolution for a relatively long time have still not rooted out completely the non-proletarian ideology and non-proletarian style of work. Since their ideology lags behind in its development, they often lack clear political perception in the conditions of the complicated class struggle" (see *Szechwan jihpao*, November 7, 1964).

²⁹ *Kungjen jihpao*, November 12, 1965.

³⁰ *Hungchi*, 1964, No. 1, p. 15.

³¹ *Kungjen jihpao*, November 12, 1965.

The reform gave land and other means of production to more than 300 million farmers, so changing the peasantry's social and political role in society. Agriculture was now based on small-commodity production and individual peasant farms. The land reform also led to a change in the rural class structure: the landowners as a class were eliminated and there was an increase in the share of middle peasants and a drop in the share of poor peasants and farm hands in the overall number of peasant households.

By the end of the reform, the rural socio-economic structure had comprised these major types of households: small-commodity individual peasant households—the prevailing form of farming; kulak farms, where land belonged to the kulak or was held on lease and was worked by hired labour; co-operative farms, and state farms. A characteristic feature of the relations of production then emerging in the countryside was the development of collective work in its simplest forms. The movement to set up mutual assistance groups and co-operatives began in the very first liberated areas, and the land reform made it possible for the movement to spread throughout the country, and laid the prerequisites for further socio-economic change in the countryside.

The Theses for the Study and Propaganda of the Party's General Line for the Transition Period, adopted by the CPC Central Committee in 1953, put forward the task of transforming China's agriculture on socialist lines. Since the productive forces in agriculture were at an extremely low level, the socialist transformations were to include both a change in the socio-economic structure and the build-up of an appropriate material and technical basis.

At that time, the economic conditions for socialist change in agriculture had yet fully to mature, so that the whole process had to be a long one with a gradual change in the ownership of the means of production. At first, the Chinese leadership devoted serious attention to moving gradually and stage by stage, and to the need to start with the lower forms: co-operation in the sphere of circulation and the simplest forms of producer association. Co-operation in the sphere of circulation, and also temporary and permanent mutual assistance groups were to make it easier for the peasants to take

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SOME ASPECTS OF THE CHANGES IN THE SOCIO-ECONOMIC STRUCTURE OF THE CHINESE COUNTRYSIDE

The further development of China, an overwhelmingly agrarian country, largely depends on the evolution of the socio-economic structure of its countryside. All that is now happening in China's politics, economy and ideology is closely linked with the Chinese peasantry, and has its roots deep in the rural way of life. Lenin repeatedly emphasised that the future of the revolution in a small-peasant country depends on the moods and interests of the peasant masses, on the social make-up of the countryside, on whom the bulk of the peasants follow and go along with, and on how the social and economic relations in the countryside are being altered. This is also true of present-day China, where more than 80 per cent of the population is employed in farming. The socio-economic structure of the Chinese countryside and the changes that have taken place in it over the past few years call for an all-round analysis without which it is impossible to understand many aspects of the events now taking place in China and the prospects for its development.

The first stage of socio-economic change in the countryside started with a land reform, which was first launched in the areas liberated before 1949 and was in the main completed throughout the country by the end of the rehabilitation period in 1953. Land reform did away with the system of feudal landowning and feudal exploitation, something that meant a revolutionary recasting of the old Chinese society on basically new lines, a qualitative change in the whole system of the relations of production.

the road of producer co-operation, creating objective and subjective prerequisites for a change-over to socialised farming. In 1954, mutual assistance groups united more than half of all peasant households, and farming producer co-operatives of the lower type—only 2 per cent, with half the commodity turnover in farming being carried on within the supply-and-marketing co-operative network. There was a gradual increase in the collective forms of farming, which created objective prerequisites for agriculture's development along the socialist road.

Under the first five-year plan for the development of the national economy (1953-57), by the end of 1957 lower-type co-operatives were to unite about one-third of all peasant households. Over the second five-year period (1958-62), co-operation was to be completed and, with the exception of some areas, higher-type producer co-operatives were to become the prevalent form in agriculture.¹

But as a result of the drastic step-up in co-operation started in the second half of 1955 these targets were in effect abandoned and this marked the beginning of a revision of the CPC's general line for the transition period and violated the principle of gradual socialist change, in agriculture in particular.

The state of the productive forces in the Chinese countryside on the eve of the massive co-operation campaign showed that there was no objective need to rush into co-operation. Some of the subjective prerequisites were also lacking, for the bulk of the peasantry was not ready for a rapid switch to collective farming.

The international situation and the state of affairs inside the country created favourable conditions for successful economic development and the Mao Tse-tung group used these to achieve its own petty-bourgeois, nationalist goals. The 1955 crash co-operation line was the first but, as subsequent events showed, not the only attempt radically to revise the CPC's general line for the transition period. By mid-1956, 92 per cent of all peasant households was already brought together in producer co-operatives, with more than half of these becoming members of higher-type co-operatives.

The stepped-up co-operation in the countryside led to the establishment of the collective form of property in the basic

means of production, with socialist forms of farming being introduced on top of the old backward material and technical basis. But the rapid socialisation of the means of production alone did not solve the major problem—that of raising labour productivity or, consequently, increasing agricultural production and the earnings of most members of the co-operatives. Nor was the state able to obtain from agriculture the additional resources it needed, although that had been another goal of the crash co-operation campaign.

To stabilise the situation, shaping as a result of the stepped-up co-operation, and firmly to establish collective forms of farming in the Chinese countryside, the state had to provide considerable material assistance and carry out a great deal of organisational and economic work. The Maoist leadership, however, chose a different road. The substance, form and method of the "communisation" of the countryside, which the Maoist leadership launched in the second half of 1958, were a departure from the Leninist principles of economic administration. The "people's communes" were chiefly meant to establish an effective system for the rapid mobilisation and centralised use of all of agriculture's resources. They were meant to effect a marked increase in agriculture's material resources, which were to go into the "great leap forward" both in industry and in agriculture.

Preparations for the campaign to set up "people's communes" started in April 1958, when the CPC Central Committee issued a directive to reorganise small farming co-operatives into large ones. In August 1958, following the decision of an enlarged meeting of the CC Politburo, "On the Establishment of People's Communes in the Countryside", the movement spread across the country. In only one month, by late September 1958, most of the co-operatives were united in 26,600 communes, whose membership totalled 98 per cent of all peasant households, with an average of 4,637 households per commune.²

The establishment of the "people's communes" greatly widened the gap between the level of the productive forces and the nature of the relations of ownership of the means of production that were being forced on the countryside. The high degree of nominal socialisation of production and consumption in the communes was very much in contradiction

with the country's objective conditions. This led to a crisis in farming and eventually to a need for some changes in the commune system. These changes, carried out for some years from 1959 onwards, were mainly aimed to bring organisation methods and production scales closer to the level of the material conditions of production that existed in the Chinese countryside. Smaller, economically independent units (first in the form of large producer brigades and then producer brigades)³ were restored within the communes' framework; steps were taken to restore the farmers' material incentives in the development of production, both collective and individual; and some attention was again being paid to the problems of agriculture's material and technical basis. The changes in the "people's commune" system were indisputable proof that their establishment was premature.

During the "cultural revolution" the Maoist leadership made an attempt to go back to the ways of farming it had tried to introduce in 1958, but the measures in that direction met with resistance among the farmers and could not be applied throughout the country.

Over the past few years, according to the Chinese press, producer brigades or, in some areas, large producer brigades have been the basic production units in the countryside and have had considerable economic autonomy within the communes. Farming is now being run on military-administrative lines, chiefly based on the farmers' extra-economic enforcement, although in 1969 and 1970 some attention was again devoted to economic methods of administration in agriculture.

The socio-economic changes in the Chinese countryside were connected with the state of agriculture's material and technical basis. By the time of the PRC's establishment it was marked by an extremely low level of the productive forces, a prevalence of primitive farming implements and an almost total lack of modern technology, chemical fertilisers and electric power.

In launching co-operation in agriculture, the CPC elaborated plans for its technical reconstruction which, for various objective reasons, could only be carried out over a long period. The much too rapid completion of co-operation in 1956 meant that social reforms were almost completely out

of touch with the technical reorganisations. Communisation served to exacerbate that state of affairs.

An analysis of the state of agriculture's material and technical basis over the past 20 years shows that despite some improvements in its development, the countryside still has to be provided with enough primitive, to say nothing of modern, farming implements. The state should tackle agriculture's technical reconstruction under a broad economic programme for the steady modernisation of agricultural production, a programme suited to the country's actual conditions and providing for considerable material outlays on the part of the state.

In the first and the second five-year periods, the state covered some of the costs of agriculture's technical re-equipment, but ever since the "great leap forward" most of these costs had to be met by the local authorities and the collective farming outfits. From 1953 to 1957, attention was mainly devoted to building up a basis for the production of tractors and farming machines at large modern engineering enterprises, whereas since the failure of the "great leap forward" the focus of attention in agriculture's technical reconstruction was shifted to the simplest and semi-mechanical farming implements and to the repair of the existing machinery. Having proclaimed their "self-reliance" line, the Maoist leaders have virtually stopped providing any centralised material assistance to agriculture and have sought to carry out its technical reconstruction chiefly by means of the collective outfits and at minimal material cost for the state.

An analysis of the nature and level of the productive forces in China's agriculture before and after the establishment of the communes warrants the conclusion that the socialisation of property their establishment involved was by no means due to the demands of objective social-economic laws. The goals, methods and results of the 1958 communisation show that far from giving all-embracing scope to the elements of socialist relations of production that were just emerging at the co-operation stage (despite the broader scale and degree of socialisation), pressure from the political superstructure could well force these elements to disappear altogether.

The establishment and evolution of the rural "people's communes" above all affected the relations of ownership of

the means of production, first by way of expanding and then narrowing down the scale and objects of socialisation (this applies not only to the basic means of production, like land, draught animals, means of transport, farming implements and machinery, or irrigation mechanisms and devices, but also to the personal property of peasant households, like poultry, livestock and small farming implements). At the same time, changes were also taking place in the nature of the socialisation. In 1958 and partly in 1959, in the early period of the "people's communes", when all the property in the means of production and part of the farmers' household utensils belonged to the commune, which was a lower organ of state power as well as a collective economic unit, property was in effect being turned into state property.

In the course of the so-called ordering of the "people's communes" in 1959-62, when producer and large producer brigades were being consistently established as the owners of the basic means of production, socialisation—at any rate nominally—went back to the system of collective, group property, although in some instances (as in the people's communes' property) socialisation is still in effect state ownership of a part of the means of production.

In 1959 and 1960, "three stages of property" were introduced in the "people's communes" as the three major forms of collective property in the means of production. These were the "people's communes", large producer brigades and producer brigades, with the bulk of the means of production in 1959-61 being in the hands of the large producer brigade, which also usually owned the land that was being worked.

In 1962, producer brigades, roughly equal in size to the old lower-type producer co-operatives, became the main economic unit and chief holder of the means of production in the Chinese countryside. Decentralisation in the ownership of the means of production, coupled with a scaling-down of the economic units in size, went as far as the producer brigades, but decentralisation in the use of the means of production, land in particular, was often pushed still further, down to the level of small farming groups and in some areas even individual peasant households. At present, the Chinese countryside is a patchwork of various forms of ownership of

the means of production: there is the state property of state farms, the property of producer and large producer brigades, and "people's communes", "partial property" of the "people's communes" and the farmers' individual property on the individual plots. During the "cultural revolution" there was a tendency to increase property centralisation in the "people's communes" which manifested itself in the fact that large producer brigades were being increasingly made the basic owners of the means of production. An analysis of the legal aspect of property in the Chinese countryside shows that state farm property is the only form of ownership of the means of production to have any legal guarantees from the state or to be written into law.

As for the nature of ownership of the means of production in the Chinese countryside, it is now largely collective, group property (except for the state farms). The nature of the collective property is determined by that of the state power, by the fact which class is in power, and by the state's purposes and functions. China's state power, which has developed into a military-bureaucratic dictatorship under Mao Tse-tung, has had its effect on state and co-operative property.

The establishment of collective property in the course of co-operation was a step towards the emergence of socialist relations of production, although the methods of socialising the farmers' means of production were more coercive than voluntary. Then came the "communisation", which removed the producer proper—the peasant—from taking part in the management of the collective farming outfits and collective property. As part of the "people's communes" property became state property, and as the communes were now combining the functions of collective economic units and lower echelons of state power in the countryside, it was now possible to solve many economic questions, notably those of managing collective property, without the farmers' participation. The involvement of the army in the solution of economic problems in the "people's communes" and producer brigades, a practice that was widespread in 1967-69, removed the farmers still further away from the management of collective property.

One of the main propositions of Mao Tse-tung's economic policy—that of maintaining the farmers' living standards at

a minimal level—plainly shows that collective farming in the countryside is being aimed less and less to raise the farmers' living standards, which, after all, is the major goal of "any" socialisation and an important feature of its socialist nature. All this suggests that ownership of the means of production in the Chinese countryside cannot be described as consistently socialist.

The establishment of collective property, which is now the prevailing form of property in the Chinese countryside, has changed the latter's class make-up. Co-operation did away with the kulaks, whose economic positions had already been markedly weakened at the time of the land reform.

With co-operation completed, the economic causes for the class stratification of the Chinese peasantry were eliminated, because with the establishment of collective property in the basic means of production, including land, the objective conditions for exploitation were done away with. The peasantry became a class connected with the collective form of ownership of the means of production.

The lagging material-technical basis in agriculture has been having an effect on the social structure of the peasantry. First, the low level of the development of the productive forces in agriculture determines the low labour productivity in this sector of the national economy and ultimately the low living standards of the peasantry. Second, the lack of the means of production that could make the collective form of peasant labour truly social helps to maintain the private-property mentality among the peasants.

There are different social groups in the Chinese countryside today not because of the form of property in the basic means of production but because of the unequal property status of the peasants, the existence of personal property in small farming implements and the individual subsidiary farming which has a considerable part to play in the life of the peasants. The social groups are confined to one class—the toiling peasantry—although the former landowners and rich peasants, an alien element, have merged with it.

While there has been some improvement in peasant living conditions since 1949, the poorest peasants still constitute about 60-70 per cent of the rural population. Peasants in this group live at subsistence level. Some of them receive assis-

tance from the co-operatives under the "five securities" scheme. It is on behalf of this group of peasants, whom the Chinese press calls the poor and the "non-rich", or the lower middle peasants, that Mao Tse-tung has been acting in putting through various political and economic measures in the countryside.

The better-off section of the peasantry, or the middle peasantry, constitutes roughly 20-30 per cent of the rural population. This group not only has the possibility of meeting its minimum living requirements, but also obtains some surplus income from the co-operatives and their personal farms. In this section we find a category of well-to-do middle peasants constituting roughly one-third of the group. In the countryside there is a gradual formation of groups of peasants differing from each other according to their status in production; groups connected with the performance of works relating to the mechanisation of agriculture, groups specialising in various branches of subsidiary farming.

Among the rural intellectuals we find schoolteachers, doctors, officials of the commercial and financial agencies of the communes, and also urban intellectuals, schoolchildren and students sent down to the countryside during the "cultural revolution". In the past few years, this group has tended to become amorphous because the burdens of education and the public health services in the countryside have to be carried by the co-operatives, where the peasants without any special training are being involved in teaching in the schools and in medical treatment. Allied with the group of intellectuals are members of the management of the "people's communes" and the production brigades.

In 1958, the "people's communes" were set up as complex units combining different sectors of agriculture, industry and trade. However, the "people's communes" proved to be incapable of effectively organising production on these lines. Excessive centralisation of management, together with various other factors, led to a disruption of production in late 1958 and 1959.

When the "people's communes" were being reorganised from 1959 to 1962, economic management was decentralised. The commune ceased to exist as an integrated economic unit. The organisation of agricultural production was concentrated

mainly in the production and big production brigades. The corresponding commercial and credit departments were transferred from the communes to the corresponding sectoral bodies. A part of the relatively big industrial enterprises was transferred into the system of state industry of local subordination.

From 1964 to 1965, the communes and brigades began to devote more attention to the secondary branches of the economy. Diversified economic operations in effect appeared to be a condition for simple and often enough even of extended reproduction. The development of secondary branches of the economy in the production brigades posed the problem of the relationship between the collective and the peasants' personal ancillary industries, which were mainly connected with production on the house-and-garden plots. The present Chinese leadership has tried to solve this problem chiefly by administrative measures designed to influence the peasants, while economic incentives have played a minor part.

In China, the organisation of labour in the communes and brigades is especially important. Because of the embryonic state of the material and technical basis of agriculture and the shortage of mechanical implements agricultural production relies mainly on living labour resources. When the "people's communes" were set up, the organisation of labour methods practised in the agricultural production co-operatives were discarded, and labour armies were set up to function as military units. There was no accounting of the quantity and quality of labour put in by each person, and there was virtually no specialisation within the work units, something that did not accord with the objective conditions of production in the Chinese countryside. The restructuring of the communes led to a change in the organisation of labour. For one thing, the size of the basic units was markedly reduced, so that by the end of 1958 it was recommended to confine them to production brigades, which were later broken down into smaller units.

Virtually no change was made in the practical organisation of labour in the higher-type farming producer co-operatives by the organisation of labour which had taken shape in the production brigades by the early 1960s and which in the main continues to exist at the present time. Most production

brigades and communes have brigades or teams, which may either be specialised or complex, permanent or temporary.

Immediately upon the establishment of the "people's communes" the most general and simple forms of labour accounting (the establishment of a mandatory minimum of work-days), and later more concrete and complex forms (according to labour units on the basis of preliminary assessment of labour power and work-rates) were introduced. Surveys carried out in Szechwan, Honan, Hunnan, Hopei and Heilungkiang carried out in 1965 showed that most production brigades used the latter form of labour accounting. From 1967 to 1969, this form was criticised in the Chinese press because its spread allegedly helped to increase "spontaneous capitalist tendencies" and the development of "egoism" among the peasants. Up until 1969, the present Chinese leadership sought to introduce the method of labour accounting used in the Tachai production brigade, under which the main criterion of work evaluation was loyalty to Mao Tse-tung and his "ideas". This inevitably led to egalitarian distribution and made it possible to reduce to a minimum the evaluation of work done by members of the brigade in the co-operative and, consequently, their share of the income.

The organisation of the distribution of products turned out by the commune or production brigade includes the establishment of distribution proportions under various heads together with the forms and methods of distribution of a part of the income between members of the brigade. An analysis of distribution in the "people's communes" since their establishment shows, on the one hand, a striving by the Maoist leadership to secure the maximum resources from agriculture and to concentrate it in the hands of the state, and on the other, resistance to this striving on the part of the peasantry and the lower echelon of the functionaries in the countryside.

In 1958, the structure of distribution in the "people's communes" and the agricultural co-operatives differed in terms of quantitative characteristics. In the "people's communes" the balance between the consumption fund and the accumulation fund was sharply tilted in favour of the latter. Subsequently, deductions of the accumulation fund were gradually reduced. An analysis of the methods used in allocating the

consumption fund from 1958 to 1965 shows that these were also modified, evolving from egalitarian distribution through distribution mainly by labour to a combination of egalitarian distribution with distribution by labour, in which the former prevailed. The principle of material incentives, partially re-established from 1960 to 1964 in distributing the consumption fund, was subjected to ceaseless official criticism from the end of 1964. The scarcity of food resources in the country had some part to play in the switch mainly to egalitarian distribution of income between members of the communes. The switch was facilitated by a number of factors, the chief of which was the ready acceptance of the egalitarian slogan by the poor section of the peasantry which constitutes a sizable part of the rural population. However, since 1970, the official recommendation was that the distribution-according-to-labour principle should be adopted in distributing income among members of the commune.

An analysis of the data concerning the distribution of the gross product in the production brigades and communes in value and in kind shows that the structure and proportions of distribution have been relatively stable over the past few years. The gross output of the commune or the production brigade is distributed under these heads:

1. Agricultural tax paid to the state. Its rates fluctuate from 7 per cent to 12 per cent of the established volume of gross output.

2. Production expenditures, including expenditures in cash and in kind. Depending on the specialisation of the farm and its technical level, they amount to roughly 20-30 per cent in various communes and brigades.

3. The production brigade funds: the accumulation fund and the welfare fund. In the various brigades and communes the deductions to the accumulation fund vary from 5 per cent to 10 per cent, and to the welfare fund from 1 to 2 per cent of gross output. From 1968 to 1970, there was a tendency, approved by the higher administrative bodies, to increase the deductions to the accumulation fund in the communes and the production brigades.

4. The fund for distribution between the members of the production brigade or the commune. According to official statements and reports in the Chinese press, the share of the

gross product set aside for distribution between the members of the brigades should amount to 60-65 per cent of the total. However, an analysis of the official data for the individual brigades and calculations show that in 1965 and 1966 not more than 40-50 per cent of gross output went into distribution between members of the brigades. The distribution of a part of the produce in kind (cereals as the staple crop in all the grain growing areas) confirms roughly the same proportions in distribution, with the exception of the share distributed between members of the brigade which did not exceed 30-40 per cent of the gross cereal output in the brigades.

In the last few years, the economic policy of the Maoist leadership has quite clearly revealed a tendency to limit peasant consumption not only in consequence of non-equivalent exchange, which is tantamount to gratuitous alienation of a part of the farm produce, but also in consequence of the fact that the collective peasant farms were burdened with tasks whose fulfilment had earlier involved participation by the state (technical reconstruction of agriculture, education, public health). The build-up of grain and other foodstocks in the co-operatives and personal peasant households which was carried on with especial vigour in 1969 and 1970 under the slogan of "prepare for war and natural calamities" also detracted from the formation of the consumption fund.

In the past few years, peasant incomes resulting from a distribution of the gross product in the communes and brigades have remained extremely low. The Maoist leadership has totally ignored the task of raising peasant living standards, and any reminders about it have been labelled as expressions of the bourgeois influence, revisionism, etc. The Ninth Congress of the CPC did not even consider the question of improving the material conditions of the peasantry. On the contrary, it outlined the prospect of further curbs on the living standards of the whole people under the "prepare for war and natural calamities" slogan.

¹ See *The Eighth National Congress of the Communist Party of China*, Moscow, 1956, p. 144.

² *Ten Glorious Years*, Peking, 1959, p. 36.

³ On average, the production brigade included 30-50 peasant households, while the big production brigade included roughly 150-200 households (see *Jenmin jihpao*, August 28, 1963; *Peking Review*, 1963, No. 44, p. 9).

PROSPECTS FOR CHINA'S SOCIO-ECONOMIC DEVELOPMENT

J. Rowinski (Poland)

ON THE QUESTION OF CHINA'S INTERNAL DEVELOPMENT IN THE 1970s

Any analysis of the tendency of China's further development should proceed from due orientation in the arrangement of the internal forces in the country, the motive forces behind the development of social relations, the ideological orientation of various classes and strata, their political attitudes, and also from a knowledge of the activity of the centres and members of the leadership displaying scepticism about or expressing opposition to Mao Tse-tung's strategic line. Unfortunately, however, very little is known about all these things. The absence of the starting point for analysis tends to complicate any forecast of China's further development to any optimal degree of probability. That being so, my task will be merely to formulate some of the working propositions concerning the possible consequences of the Chinese leadership's present line on the strength of the very meagre information which has reached us along various channels and also on the basis of the foreign writings containing more extensive information on this question.

It looks as though no fundamental changes are likely to take place in China in the immediate period ahead. The urge for accelerated development, for the purpose of acquiring the status of great power and leader in Asia, will continue to determine the domestic and foreign policy of the People's Republic of China. If this goal is to be attained, there is need to eliminate the basic contradiction between the task that has been set and the highly limited potentialities in the

sphere of the country's economic and military development. In practice this means continued struggle for the adoption of a model of development which could yield in the shortest period maximum accumulations for the country's industrialisation and the development of its military potential.

Considering the real balance of strength in the Chinese leadership, it may be assumed that the main line in China's economic policy will be one aimed to ensure accumulation and development of industrialisation based on the principle of "walking on both feet". In practice this means:

- adoption of a line of compromise between the advocates of priority development for the heavy industry and the advocates of maintaining the leading role for agriculture, that is, emphasis on the development of military industry and agriculture and postponement of a development of the light industry;

- adaptation to this line of the structure of foreign trade, which is to import above all strategic raw materials, grain and chemical fertilisers, while considerably increasing the export of raw materials and increasing the export of consumer goods to the utmost;

- parallel development of industries financed by the state, and a line towards intensified regional industrialisation in accordance with the "reliance on one's strength" principle;

- emphasis on a simultaneous application of the most modern technology and primitive forms of production on a massive scale.

A component part of the incipient strategy will be a programme for consolidating the current egalitarian system of remuneration for labour, abolition of material incentives and a freeze on the people's living standards. Such a policy should result in definite changes in the structure of society. These changes will take place with the realisation of the urge to make the maximum use of China's natural resources, above all its vast manpower resources, the instrument of development. This will then pose the problem of effective organisation and control of society for the purpose of imposing on the country a military model in accordance with Mao Tse-tung's conception. The Chinese leadership will, most probably, make the economic basis of this model a program-

me providing for the "independence" of some sectors of the national economy and the services from state financing (agriculture, manufacture of consumer goods and public health service), that is, a shift of the main burden of social security and capital investment in industry on the shoulders of the population. In the light of this, one may expect a strengthening of the tendency towards the economic independence of the "people's communes" and local industry, relative decentralisation of planning in the main economic and social units in accordance with the slogans of "reliance on one's own strength" and "not taking from the state a single feng", and also a strengthening of direct leadership and control of the central authority over the leading sectors of production, connected with the arms industry, especially the development of the nuclear-missile potential.

The need to right the grave economic disruptions caused by the "cultural revolution" (above all those in industry and transport) gives ground to assume that the most important programme task over the immediate period ahead will be to re-establish and then to surpass the 1966 level of gross industrial output.

By the mid-1970s, given political stability, China could surpass the 1970 gross industrial output by roughly 40-60 per cent. This means that growth rate will be slower than that in the first five-year period or in some years of the "ordering" period. But this may affect only the heavy industries which do not turn out arms. The existing tendency to continue the policy of holding down growth rate in the civilian industries and the line to mobilise everything for the maximum use of existing productive facilities and to complete the use of funds in capital construction frozen in 1961 and 1962 will, apparently, have an influence on the further development of Chinese industry.

Concerning new industrial enterprises, the advantages for building enterprises servicing agriculture or located in rural areas (power stations, chemical fertiliser plants and farming machinery plants) will most probably be maintained. The cost of building these enterprises will be covered mainly from local funds; their technical equipment will be fairly simple, with a low productive capacity. This suggests that China will not be able to overcome the difficulties caused by

the scarcity of machinery and equipment, spare parts and raw materials.

However, this assessment does not deny that in some sectors of the national economy China could score marked successes in a fairly short time. An example is provided not only by the achievements in the development of nuclear weapons and rockets, but also by the fact that despite the large requirements in investments into fixed assets, China has adopted, according to Western sources, a "research coefficient" on Japan's level, and a national defence budget percentage almost as high as that of the United States. China's military budget is estimated to consume over 20 per cent of gross output, the bulk of these resources, probably, going into the development of rocketry and the construction of a navy, to which much attention has been given in the recent period.

As for agriculture, to which the "cultural revolution" did relatively small damage, it may be assumed that its output growth will not be very fast, roughly 10-15 per cent. According to foreign assessments, gross grain output in 1969 was in excess of 180-190 million tons, that is, on the 1957 level. The present policy of stimulating agricultural development may (if the weather is good) yield a considerable effect only in the mid-1970s. What is highly important, but relatively unknown, is the question of the advance made in the research into or application of foreign achievements in the introduction of the higher-yield strains of cereals.¹ This question is largely connected not only with the productivity of agriculture, but also with the natural growth of China's population. If the present line of stimulating agricultural development is maintained, the most that can be expected in the next five-year period in agricultural production (account being taken of the population growth) is an increase of agricultural output of no more than 2 per cent. This will, apparently, not make it possible to obtain enough food to abolish the rationing system for the staple foodstuffs and manufactured goods. Any further investments into agriculture will, possibly, go above all into plans for developing new lands, irrigation programmes, construction of chemical fertiliser plants and improvement of the soil tillage system.

Foreign trade will develop along the lines corresponding to the economic development programme. China will, quite possibly, make some changes in the structure of trade and in the selection of its trade partners, something that has already partially been done. In the future China will look to foreign trade mainly as a source of replenishing its own scarce resources. Consequently, apart from a tendency towards more vigorous trade with the rest of the world, no radical activation of foreign trade can be expected so long, at any rate, as the programme for doing away with China's backwardness through a system of partial autarky is maintained. This status of foreign trade in the economy gives ground to assume that China's share of world trade will differ only very slightly from the present level, which comes to only 1 per cent. Realisation of China's far-reaching aims will confirm the present tendency towards growing imports of scarce strategic raw materials and smaller purchases of machinery and steel. The purchases of grain, chemical fertilisers, metalwares and raw materials (copper, rubber, cotton and zinc) will reach a high level. Foodstuffs and agricultural and also manufactured consumer goods will predominate in export.

It may be assumed that the question of China's partners in foreign trade will in the future also be decided in the light of the primacy of politics over economics. This means a line of increasing trade with the capitalist countries in the so-called intermediate zone and some invigoration of trade with the socialist countries of Eastern Europe and also relatively broad expansion in the markets of South-East Asia.

China's development in the next few years will go hand in hand with a search for forms of state organisation best corresponding to the adopted conception. This implies continued manipulation of manpower resources (programmes of forced migration of urban population into the countryside), consolidation of new centralised organs of power in the form of revolutionary committees, development of a situation in which even the re-established party will have the role not so much of the centre of power as of an executive and control instrument, and also transformation of the organisational and production structure of the communes and state enterprises on military lines. This means continued mobilisation of

forces for the purpose of eliminating the negative consequences of the "cultural revolution", notably the disruption of the economy, law and order, and labour discipline, the division of society, etc. There is no doubt that in the 1970s, China's leadership will go on to the second stage of the "cultural revolution" providing for the implementation of Mao Tse-tung's strategic plan. (The first stage of the "cultural revolution" provided for the rout of the opposition in organisational terms, undermining of the authority of its representatives and denigration of their alternative programme for China's development, establishment of a new leadership and preparation of ideological, political and organisational conditions for the practical implementation of Mao Tse-tung's strategic plan.) The main task in these conditions will be a striving to complete the construction of the new model of the state-power apparatus at every echelon and in every sector of social life.

It will be fairly difficult to fulfil this task, if only because of the differences between the various groupings and strata of society, and also because of the rivalry between the forces seeking to dominate the apparatus of power (the army, the administrative personnel, the executives and the government officials, the forces which appeared during the "cultural revolution", representing the so-called revolutionary "Left" mass organisations). But the army will, most probably, be the motive force and mainstay of this process. The main blow will be directed at the ultra-Left, who played the decisive role at the first stage of the "cultural revolution", and whom the Chinese leadership is now vigorously removing, believing them to be dangerous for the process of consolidation.

The complexity of the question is rooted not only in the objective difficulties arising from the actual arrangement of forces and the problem of power in the provinces. Doubts about the real possibility of consolidating the apparatus of power and society itself spring from other causes as well. First of all, there is the contradiction between the aim of consolidation and the main method of achieving this, which consists in an urge to maintain internal tension. This may well produce a situation which is the very opposite of what the Maoist leadership had intended, that is, instead of consolidation a growing number of social conflicts, and then a

gradual polarisation in the Chinese leadership between the orthodox Maoists (extreme nationalists) and the "realist"-nationalists (administrative and economic apparatus, the bulk of the army apparatus, now exercising administrative, control and repressive functions). A clash between these forces could, of course, result in a gradual modification of economic and social policy and with time in a review of the programme itself, but not a change of its aims. This process may grow as Mao Tse-tung's influence weakens and social discontent grows. This, for its part, could well lead to the emergence of Centrists, vacillating between Mao Tse-tung's programme propositions and a more moderate policy borrowing some elements from the alternative programme of those who are considered opponents of the "cultural revolution". It is also quite possible that with the departure of the present leadership this pragmatic centre will be strengthened and may to some extent entail the implementation of an "opposition without opposition" programme and also a new interpretation of "Mao Tse-tung's thoughts".

Thus, the main problems of internal policy facing China over the next five-year period will, apparently, bear on these questions:

The problem of Mao Tse-tung's successor (in 1980 Mao Tse-tung will be 86) and of successors for virtually the whole present leading group (the Standing Committee of the Politburo of the CPC Central Committee). This problem has become most acute in the recent period, since the dismissal of Lin Biao. There is need to reckon with the sharp struggle for power in which, assuming a continuation of the present arrangement of forces, the army (provided it remains united) will have the decisive say. An analysis of the make-up of the Politburo and the CPC Central Committee warrants the assumption of a take-over by a group with the same kind of nationalistic mentality but more practical-minded and realistic. This could result in a gradual change in the programme: the strategic aims could remain the same, but the methods of realising the line could be radically different.

Problems arising from the socio-political structure of the apparatus, above all the question of relations between the army and the re-establishment of the Party, and possible internal strife on this basis.

Questions of proportions in the development of the national economy together with the primacy of the policy of intensive armament.

Social conflicts in connection with the realisation of the economic policy in town and countryside (the contradiction between the rate of accumulation and the people's living standards).

The problem of high-skilled personnel for the national economy.

The problem of population growth.

¹ The latest data indicate considerable effort in this direction. This involves chemical preparation No. 702 and research being carried on at institutes in Peking, Shanghai and Kwangchow.

B. Tseren (Mongolia)

FOR AN ANALYSIS OF CHINA'S SOCIO-ECONOMIC LIFE

In assessing the events of the past few years in China and its ruling circles' adventurist line one should proceed from the fact that these events are not a zigzag caused by the difficulties of growth or any other objective factors. The events in China are an expression of the Great Han, chauvinistic line and provide eloquent evidence that the subjective approach to various social problems, the cult of tradition and the personality cult still prevail in China's political life. All of this is epitomised in Maoism, which is now being established in China as state doctrine.

In characterising China's socio-economic condition, one should not lose sight of the key aspect which is a major factor in the Chinese leaders' domestic and foreign policy. It is the traditional expansionist tendency which the Chinese emperors and all manner of militarists and nationalists have pursued throughout nearly the whole of the country's history. They saw the urge for expansion as a source of prosperity for the Middle Kingdom, whose mission was to rule the rest of the world.

In the last years of the Manchu dynasty in China special importance attached to the problem of establishing a Great Han hegemony over the non-Chinese peoples. That is the period in which China's ruling circles began to use, alongside the old methods of violence, more refined methods of ideological influence. For that purpose books were published in China in 1908 for the first time in Mongolian, Tibet and

Uighur spreading the idea of the need for all the Chinese peoples to unite under the banner of the Great Han nation.

Expansionist policy provided the only platform for an alliance of all the warring political groupings in China, and was shared by Yuan Shin-kai, Chang Tso-lin, Chiang Kai-shek and other militarists, even though their political views were very far apart. Repudiation of this traditional expansionist policy of the Chinese reactionaries and the objective Marxist approach to the solution of the nationalities question were to have been an important condition for China's development along the path of genuine progress and democracy. It was advocated by the internationalist-minded Communists of China. That is why Mao Tse-tung dealt so savagely with them. It now turns out that Mao Tse-tung had never seen China's future without an expansionist policy. This is clearly seen from Mao Tse-tung's well-known conversation with the American journalist Edgar Snow before the establishment of the People's Republic of China, about the independence of the Mongolian People's Republic.

In the early years of the people's power, in the atmosphere of general political enthusiasm, Mao Tse-tung had to cover up his expansionist aspirations by means of democratic and revolutionary slogans, but he did not for a moment abandon his dreams of seeing China dominate the non-Chinese peoples both at home and abroad. Step by step, in ever more refined forms, Mao Tse-tung sought to implement his expansionist designs. The result of this was the curtailed autonomy granted to the Mongols, Tibetans and Uighurs, their division into separate provinces and districts, the influx of Chinese into the national areas, the harassment of national personnel, intellectuals in particular, the propaganda about the exclusiveness and superiority of the Hans and, finally, the enshrinement of Han conquerors and Manchu despots as national heroes.

Mao Tse-tung sought to invalidate the decisions of the Eighth Congress of the CPC because they condemned Great Han chauvinism. He renounced the Bandung principles because they urged the need to recognise the equality of all races and all nations, big and small. Mao Tse-tung attacked the Soviet Union precisely because it implemented the Leninist policy on the nationalities question for the first time, set-

ting a mode for all nations. Mao Tse-tung hates the Mongolian People's Republic precisely because the Mongolian Revolutionary People's Party and the Mongolian people refused to succumb to Peking's pressures. Mao Tse-tung's stand on the recognition of Mongolia's state sovereignty differs little from Chiang Kai-shek's.

Another tradition which Mao Tse-tung borrowed from the reactionaries of old China is fear of the people and neglect of their role in social affairs. The Maoists fear any growth of consciousness and organisation in the working class. This explains the succession of measures put through by the Maoists in order to divide the working class. Today, workers in China are divided into separate groups not only on the production principle and loyalty to "Mao's thought" but also by national origin.

The Chinese leaders' Great Han policy is clearly expressed in discrimination regarding economic development in the national areas, in the appointment of men of native origin to leading posts and the forcible suppression of national traditions and customs among the non-Chinese peoples.

What is more, China's present leaders have tried to switch their expansionism to the international arena. Their foreign-policy acts have continued the traditional methods of promise, deceit, threat and pressure used by reactionaries in the past for the purpose of subordinating various countries and peoples to the Great Middle Kingdom of China. China's economic relations with Mongolia give a good idea of how this is done.

From 1951 on, trade and economic relations were fairly broadly developed between China and Mongolia. The Chinese leaders then repeatedly declared that China and the Chinese Communists were "in debt" to the Mongolian people. Together with long-term financial credits, China began to give Mongolia free assistance totalling several million rubles. Chinese workers built industrial, cultural and other facilities on the territory of Mongolia. This external economic policy pursued by China was, on the one hand, a new version of the Chinese militarists' traditional policy designed to induce Mongolia, by good treatment, to join China and, on the other, to break up the friendly relations between Mongolia and the USSR.

However, the Maoists' attempts to use economic relations as an instrument to realise Mao Tse-tung's adventurist policy of economic pressure on Mongolia were a complete fiasco. The Mongolian Revolutionary People's Party and the Mongolian Government strictly adhered to their general line of loyalty to the principles of Marxism-Leninism and proletarian internationalism. Mongolia's entry into the United Nations and into the Council for Mutual Economic Assistance served further to consolidate Mongolia's positions in the international arena.

In these conditions, the Peking leadership decided unilaterally to curtail its economic ties with Mongolia. Thus, trade between the two countries was reduced from 27.4 million rubles in 1960 to 0.4 million in 1967. Many industrial and other projects designed under credits and gratuitous assistance from China remained incomplete. Considering only the revenues from transit freight along the Trans-Mongolian Railway, which in 1960 came to 28-30 million foreign-exchange rubles, in the past ten years Mongolia suffered a loss amounting to 280-300 million foreign-exchange rubles, or 2,900-3,200 million tugriks.

This kind of arbitrary and unilateral fold-up of economic relations between China and other socialist countries can be explained only by the Chinese leaders' expansionist aspirations, for they regard interstate relations only in the light of their Great Han positions.

Seeking to compensate the fold-up of economic ties with the socialist countries, the Peking leaders decided to extend their economic ties with the capitalist countries. They have now begun to take certain steps to resume trade ties with the socialist countries, but have continued their splitting policy in a more flexible form. This was also expressed in the switch in 1970 to foreign-trade settlements on the basis of national currencies, which is aimed against the socialist countries, the Soviet Union in the first place. The Chinese leadership has pursued the same splitting aims, suggesting that the socialist countries should maintain their relations with it on the basis of the five principles of peaceful coexistence between states with differing social systems and also by urging the "reliance on one's own strength" line. The Mao group has done its utmost to encourage any revisionist

and nationalistic attitudes in the individual countries for the same ends.

The experience of the Mongolian people, which have been advancing along the path of socialist construction for 50 years, completely exposes the Maoist "self-reliance" theory and proves the effectiveness of the international socialist division of labour, co-operation between the CMEA countries and with the Soviet Union. A striking expression of this was provided by the results of the Soviet-Mongolian negotiations in Moscow on economic co-operation and co-ordination of national-economic plans between the USSR and the Mongolian People's Republic for the 1971-75 period.

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